

 **SUMINOE Textile Co., Ltd.**

For inquiries about this Report:

CSR Promotion Department  
Suminoe Textile Co., Ltd.  
11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504 Japan  
Phone : +81-6-6251-6817 Fax : +81-6-6251-6856  
E-Mail : [csr@sin.suminoe.co.jp](mailto:csr@sin.suminoe.co.jp)  
URL : <http://suminoe.jp/>

Suminoe Textile Group  
**CSR Report 2014**

# To Readers of the Suminoe Textile Group CSR Report 2014

The Suminoe Textile Group had published 14 issues of its Environmental Report between 2001 and last year. Beginning with this year, we are pleased to release this CSR Report, compiled by further upgrading the content of the Environmental Report, to our stakeholders.

We consider this CSR Report to be a tool for reporting on the CSR (Corporate Social Responsibility) activities of the Suminoe Textile Group, and for inviting stakeholders' opinions, based on which we will seek to improve our CSR activities in the future.

## ■ Period Covered

Fiscal year 2013 (From June 2013 to May 2014)  
(Some activities undertaken outside the above period are included.)

## ■ Scope of the Report

Suminoe Textile Co., Ltd. and its consolidated subsidiaries in Japan and overseas.  
However, the scope varies according to the items reported.

## ■ Referenced Guidelines

ISO26000 Guidance on Social Responsibility

## ■ Date of Publication

December 2014



## contents

Top Message	03	
Group Overview (Expansion of Operations)	05	
Group Overview (Establishments in Japan and Overseas)	07	
Feature ①	09	KKR+A Technological challenges in developing products that contribute to society
Feature ②	15	Human Resources and One Hundred Years Ahead
Corporate Governance and CSR Promotion System	19	
FY 2013 Results and Future Initiatives	21	
Together with Society	23	Together with Our Customers
	27	Together with Our Employees
	29	Together with Our Suppliers / Risk Management
Environmental Management	31	Under the Slogan of KKR + A
	33	Third Mid-Term Activity Goals
	34	Reduction of Environmental Load
	36	Environmental Activity Aimed at Preserving Biodiversity / Environmental Accounting
Social Contribution Activities	37	
Corporate Summary / Column / Editorial Postscript	38	



## Management concept

### Company Purpose

We contribute to the improvement of society through the production and sales of good products, and a prosperous business.

### Company Motto

We pride ourselves as a pioneer in the interior design and furnishing industry and persist in a spirit of cooperation, sincerity and determination.

## Toward the Next One Hundred Years

In December 2013, Suminoe Textile celebrated the 100th anniversary of its establishment, and began to embark on the next 100 years. When reconsidering what a company should be like and the purpose for continuing a business, I have come to realize that the company should not only pursue its own profits but also establish better relationships with all stakeholders and collaborate with them to confront and overcome any challenges. I am determined to advance together with all our stakeholders, always with a sense of gratitude for the bonds we form with you.

### KKR+A: Kenko(Health), Kankyo(Environment), Recycle and Amenity

The Suminoe Textile Group has been conducting business to the present day in keeping with its fundamental environmental philosophy, expressed in four letters: KKR+A, or K- Kenko (Health), K- Kankyo (Environment), R- Recycle and A- Amenity.

For example, our product トリプルフレッシュ® (TRIPLE FRESH), which removes unpleasant odors by adsorbing and decomposing formaldehyde, a key culprit of sick building syndrome,

contributes to people's "Health." ECOS®, recycled carpet tiles produced using horizontal recycling technology, and スミトロン® (SUMITRON), continuous fiber made from recycled PET bottles, have been developed on the theme "Recycle." We also started production of silicon wafers for solar cells last year. This business aims at contributing to the protection of the "Environment" in the field of renewable energies, which will play an important role in the next generation.

"Amenity" is a common theme for all our business headquarters. Throughout our history of 100 years, Suminoe Textile has sought to offer amenity through our products that enrich people's lives and minds. We will continue our business activities in line with our fundamental philosophy of "KKR+A" and strive to develop even better products, aiming to contribute to the recycling-oriented society of the future.

### Global Expansion

Global expansion is another business theme for the Suminoe Textile Group. Currently, we have nine companies with ten manufacturing and sales sites in six overseas countries that are mainly engaged in the automotive textiles business. Accounting for approximately 40% of the entire Group's sales and more than a

quarter of the Group's employees, these overseas establishments have been increasing their importance year by year. The Company will disseminate its management concept to overseas manufacturing and sales sites as well, and attach importance to the newly-formed relationships with regional communities, created through the employment of local people.

### Development of Human Resources

Needless to say, human resources are vital for conducting business operations.

In addition to annual training sessions, Suminoe Textile implements many other human resources development programs, including the women's empowerment project and the business management course. By offering opportunities for employees to improve their skills and exchange views with others in the Company regardless of their position, we aim to create a workplace environment with an open atmosphere where employees have a greater chance to have their say. I encourage employees to express what they want to do on their own initiative, and work to achieve their goals with the support of the Company and their coworkers. I believe that through such undaunted efforts employees will be able to grow themselves, which will in turn enable our Company to cultivate stronger on-site

capabilities and a spirit of cooperation.

In the future, in order for a company to continue in business, it will become indispensable not only to help enhance the well-being of society and provide safety and peace of mind to customers, but also contribute to the global environment.

While giving first priority to committing ourselves to the well-being of society by delivering our products to places where people live and relax, we will develop products that are instrumental in promoting the sustainable development of society, giving consideration to the environment in each business process.

In the next 100 years, we will continue to courageously take on challenges in response to the changes of the times. We ask for your continued guidance and support in our endeavors.

December 2014

Ichizo Yoshikawa  
President  
Suminoe Textile Co., Ltd.

吉川一三

® symbol is used with a trademark registered in Japan.

# Suminoe Textile Group's Products and Technologies Contributing to Comfortable Lifestyles and the Well-Being of Society

Ever since 1891 when its carpets were supplied to the Imperial Diet Building on the occasion of its opening, the Suminoe Textile Group has contributed to modernization of lifestyles as a pioneering manufacturer in the Japanese interiors industry. We are committed to manufacturing environmentally-friendly products that feature both excellent design and functionality, and serving diverse customers by offering a wide variety of interior products for public buildings, office buildings, public transportation systems, as well as for general households.

## Interior Decor



Carpets



Curtains



Rugs and mats

## Arts and Crafts Textiles



Hand-woven carpets and hooked rugs



Plush hand-woven curtains



Wallpaper

## Automotive Textiles



Seat coverings



Floor carpets



Car mats

## Interior Materials for Trains/Buses/Ships/Aircraft



Trains



Ships



Buses



Aircraft

## Functional Materials



The Tispa® Series, "Real Odor Deodorization without Disguising with a Scent"



Deodorant air filters for air purifier



スミトロン® (SUMITRON) Continuous Fiber made from Recycled PET bottles

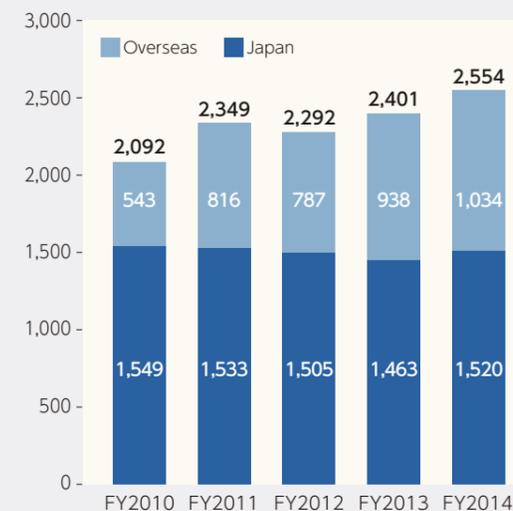


Electric carpets

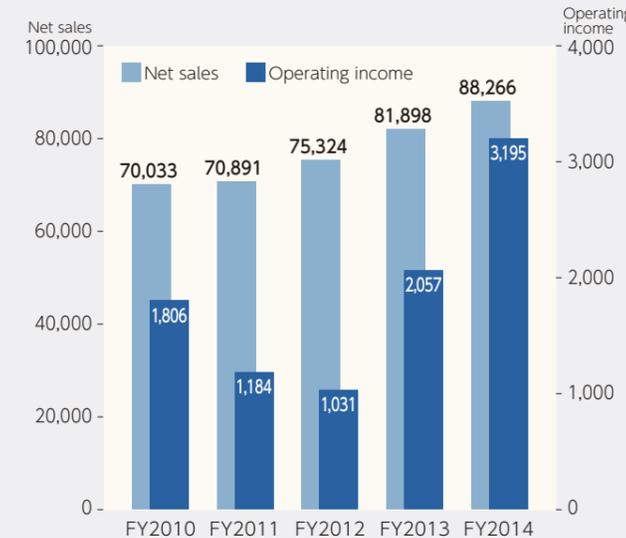


Silicon wafers for solar cells

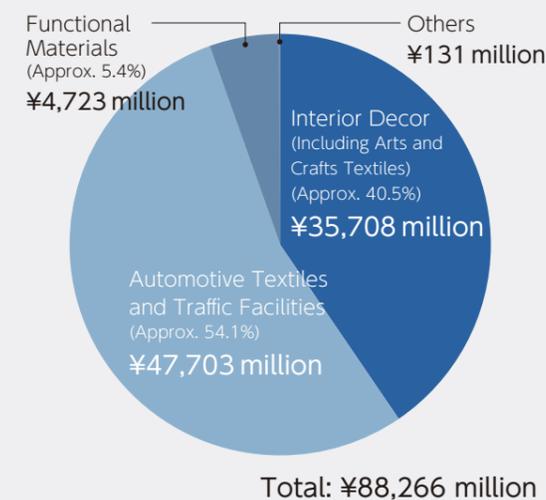
Changes in the number of employees



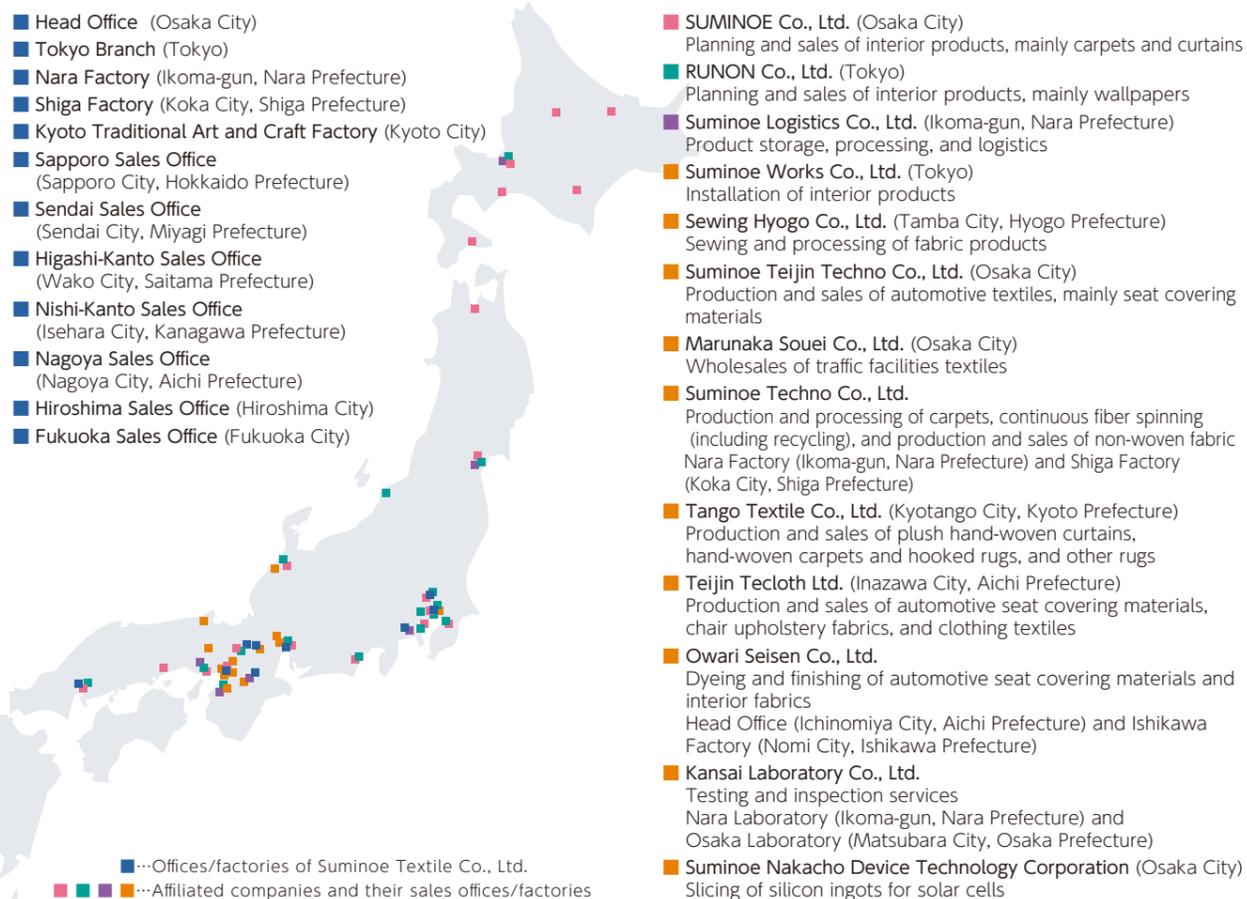
Consolidated net sales and operating income (Unit: ¥1million)



Consolidated net sales by business segment (Fiscal year ended May 2014)



Offices/Factories of Suminoe Textile Co., Ltd. and Major Affiliated Companies in Japan



Introduction of Major Factories

Nara Factory of Suminoe Techno Co., Ltd.

The Nara Factory of Suminoe Techno Co., Ltd. was inaugurated as the Suminoe Textile Group's key production company on June 1, 2013. The Nara Factory is located within the Ando Industrial Park near the Horyuji interchange on the Nishi-Meihan Expressway, also in close proximity of Ikaruga-no Sato and Horyuji Temple, which is a renowned World Heritage site. The factory mainly produces carpets, and has been committed to manufacturing using time-honored technologies and to forward-looking development of new products. With its predecessor certified with ISO 14001 in 2000, the Nara Factory has been promoting activities to reduce the load on the environment for many years.



Shiga Factory of Suminoe Techno Co., Ltd.

Blessed with a natural environment and surrounded by Lake Biwa and the Suzuka mountains, the Shiga Factory of Suminoe Techno Co., Ltd. is located near several major trunk routes, such as the Shin-Meishin expressway and the Meihan expressway. It was originally founded as the Shiga Factory of Suminoe Textile Co., Ltd. After 27 years of operations, it became the Suminoe Techno Shiga Factory in June 2013 to serve as the production base for two eco-friendly products. Accredited with ISO 14001 certification in 2002, the factory conducts the following two businesses.

- (1) Production of olefin laminate products, including automotive textiles and housing construction materials
- (2) Spinning of スミトロン®(SUMITRON) continuous fiber, made from recycled PET bottles, which is mainly used for carpets



Teijin Teclath Ltd.

Teijin Teclath Ltd. is engaged in the dyeing and manufacturing of automotive seat covering materials as well as clothing and interior textiles. The company capitalizes on its integrated production capabilities to fulfill our motto—"Creating cutting-edge products that meet the needs of the times." Teijin Teclath also works on energy conservation in the factory and production of environmentally-friendly products. It obtained ISO 14001 certification in 2001. Individual employees have strengthened their environmental awareness, and all divisions vigorously conduct environmental protection activities, including green purchasing and promotion of eco-friendly products.



Owari Seisen Co., Ltd.

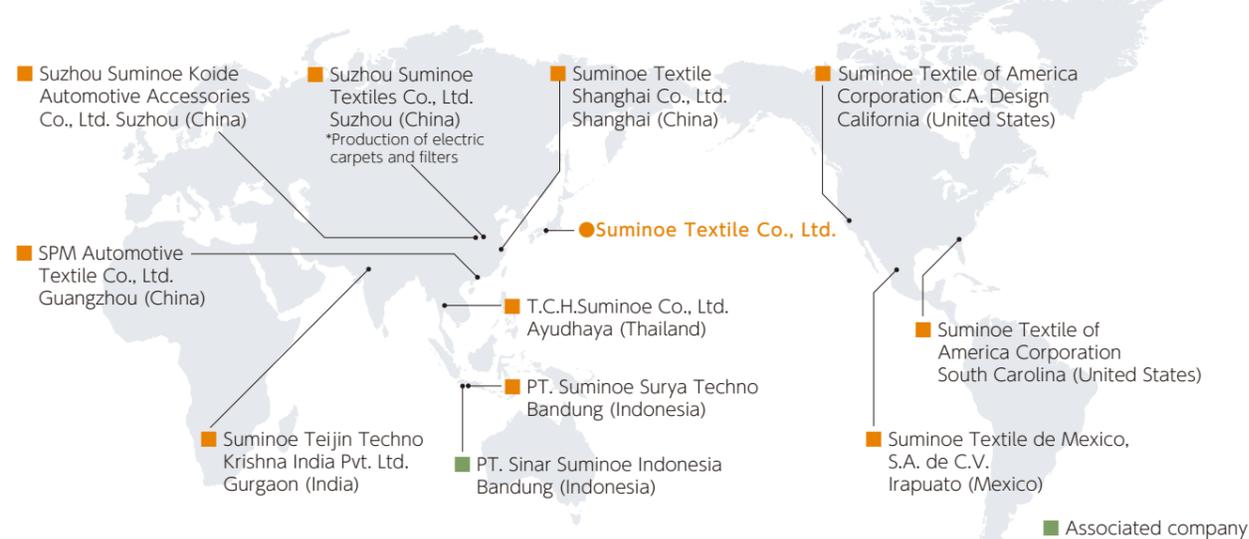
Owari Seisen Co., Ltd. has two factories: the Head Office Factory and Ishikawa Factory. The Head Office Factory, located in Ichinomiya City, Aichi Prefecture, is in charge of dyeing and processing of automotive textiles and interior textiles, as well as dyeing and finishing of mainly woven fabric and circular knitting for car seats. The Ishikawa Factory, located in Nomi City of Ishikawa Prefecture, is engaged in dyeing and finishing of mainly warp knitted products for car seats. In addition, the company deals with materials for brushes and materials for pollen-resistant screen doors. Owari Seisen acquired ISO14001 certification in 2003, and company-wide efforts are under way to promote energy and resource conservation and social contribution activities.



Major Overseas Affiliated Companies

Suminoe Textile promotes global expansion of its operations centering on automotive textiles, including fabric, carpets and mats.

As a comprehensive manufacturer of automotive textiles, Suminoe Textile has set up manufacturing and sales establishments in various countries to meet customer needs around the world. These establishments speedily and stably deliver our products to the overseas facilities of Japanese automotive manufacturers engaged in global operations, such as local production and parts procurement. We will continue to contribute to local economic development and employment promotion through economic activities of our global establishments in each country.



Suminoe Textile of America Corporation (STA, United States)

In 2003, Suminoe Textile of America Corporation (STA) was established in Gaffney, South Carolina, the United States, as a wholly owned subsidiary of Suminoe Textile Co., Ltd. STA started its operations with a fabric business, and then steadily expanded the scope to include carpet and mat businesses, followed by its needle punch business launched in 2010.

In the past, there was a period when the company somewhat stagnated in the wake of the Lehman Brothers' collapse. However, as exemplified by the acquisition of the ISO/TS16949 certification in 2007, STA has steadily responded to customer needs. In 2013, STA established a subsidiary in Mexico in response to Japanese automotive manufacturers' branching out and production increase, so as to promote further business expansion.

With about 400 employees, STA has now grown into one of Suminoe Textile's greatest global establishments. Going forward, STA will continue to aggressively seek orders based on its strength as a total supplier of automotive textiles, while contributing to local development through job creation in Gaffney City, South Carolina.



T.C.H. Suminoe Co., Ltd. (TCHS, Thailand)

T.C.H. Suminoe Co., Ltd. (TCHS) was established in 1994 in Ayudhaya in central Thailand, as a joint venture of Suminoe Textile Co., Ltd. TCHS has the longest history among our global establishments, and has been mainly engaged in fabric and carpet businesses since its inception. As part of its commitment to quality-oriented manufacturing, the company obtained ISO/TS16949 certification in 2002. The acquisition of ISO14001 in 2006 has motivated the entire factory to intensify their activities to reduce the load on the environment of the local community.

The factory of TCHS was submerged during the great flood that hit Thailand in 2011. Nevertheless, thanks to the backup production and supply system from Japan and other overseas factories, TCHS was able to supply products without a hitch until the restoration of the factory, thereby gaining strong trust from customers. In 2014, the company held its 20th anniversary ceremony. As a pioneering global establishment of Suminoe Textile, TCHS will stay committed to stable business operations and contribution to the local community in the future.



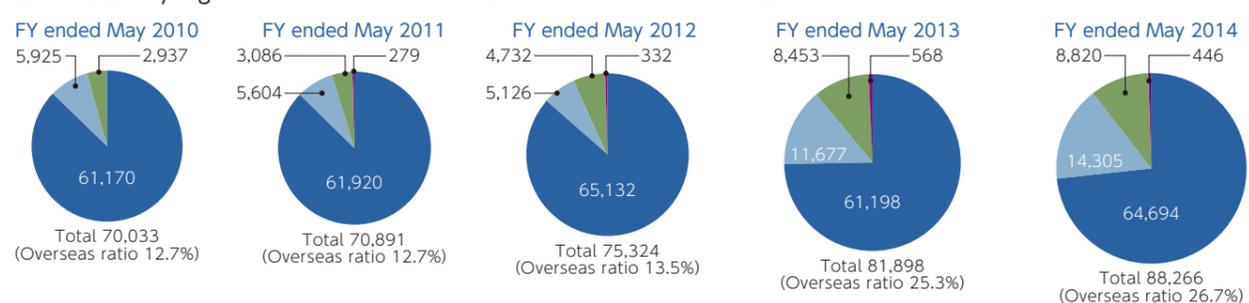
SPM Automotive Textile Co., Ltd. (SPM, China)

In 2005, SPM Automotive Textile Co., Ltd. (SPM) was established as a joint venture of Suminoe Textile Co., Ltd. in the Nansha District, Guangzhou City, China, where facilities of major Japanese automobile manufacturers are concentrated. Against the backdrop of the Chinese economy, which has grown into the world's largest automotive production market, SPM has continued a steady sales growth primarily in the fabric business, evolving into one of our primary manufacturing sites in China.

At present, environmental problems are coming to the fore in China. Since its founding, SPM has conducted environment-conscious business operations. In cooperation with its partners, SPM focuses on environmental protection measures, such as by recycling approximately 30% of water used. In 2009, the company obtained ISO/TS16949 certification. SPM will continue to devote itself to manufacturing that ensures even higher quality so as to enhance customers' trust, while also intensifying its activities for environmental impact reduction and risk management.



Net sales by region



# Researchers' challenge for developing products that contribute to society will continue seamlessly.

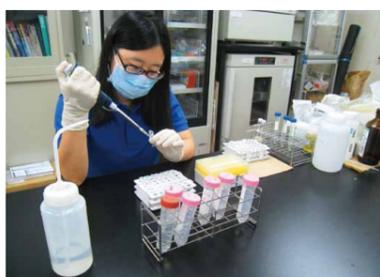
Explained below are researchers' challenging history and thoughts, which have continued for 100 years since the Company's establishment.

## Challenging and ambitious technological development

Day-to-day efforts to promote environmental conservation will lead to development of environmentally-friendly products.

To realize ambition-motivated development, our researchers are told so often upon entering the Company that their mission is to create environment-friendly products that they are almost tired of hearing the teaching. Our researchers have been working hard every day to realize such an environment-motivated ambition.

The researchers remain conscious of the environment in every aspect of their daily work routine. For example, they will see to it that lighting equipment is turned off as much as possible, while office temperatures are kept at certain degrees (28°C during summer time and 20°C during winter time). They are also required to read the Suminoe Textile Group "SUMINOE Environmental Declaration" and the Activity Guidelines and memorize as them as much as possible. However, it would be meaningless if these two golden rules are not accompanied by action. All researchers at the Company are given the role of promoting the Environmental Management System on a rotational basis. The role calls for each researcher to take an initiative in making his or her workplace environment-friendly. Researchers who have experienced this role will become more conscious and careful about using banned substances in products. In development, they will also give more thought to environmental laws and regulations, which are revised frequently, and environmental demands from users of our products.



Anti-allergen experiment

Our products will become valuable only if they are appreciated by customers.

Environment-friendly products are developed as a result of our environment-conscious attitude. However, we should not be self-righteous in developing such products. If our products do not reflect market needs, they will be meaningless. Development people meet with marketing people, who have direct contacts with our customers, and hold joint discussions with them on a regular basis. Even employees who have just entered the Company are asked to attend such meetings, and express their views and opinions.

Efforts to understand craftsmanship are necessary.

It is also necessary for people engaging in development to understand how things work on the manufacturing front. In many cases, simple addition or subtraction does not provide a solution on the manufacturing front. This is especially true in the textile processing industry, which deals with long-running products with various lineups, such as fiber products. In manufacturing textile products, there are phases in which "digital thinking" alone does not work. Instead, "analog" techniques are often useful and lead to genuine craftsmanship. However, craftsmanship-like expertise cannot be acquired overnight. What it takes is years of dedicated work on the manufacturing front. What is important is for people engaging in development to sincerely listen to the voices of those working on the manufacturing lines.

Attractive environment-friendly products are produced only when marketing, development, and manufacturing work in unison.

Yoshiharu Nishino  
Group Leader  
Technical Center  
Suminoe Textile Co.



**1990**

**スミトロン®(SUMITRON)**  
We successfully developed the スミトロン®(SUMITRON) polyester yarn, which is made from recycled PET bottles. スミトロン®(SUMITRON) became an epoch-making product for us because it marked the start of our efforts to realize sound corporate development while giving careful consideration to the environment in making our products.

Rugs and mats made of スミトロン®(SUMITRON)

**1995**  
A product development conference launched to convey new value to customers

**1996年**

**SUMICUBE®**  
(Seat cushion material for railway cars)  
SUMICUBE® uses material that barely emits poisonous gases, such as cyanogen gas, in the event of a fire. SUMICUBE® can be recycled into fiber after use. The technology we have established for the development of SUMICUBE® is aimed to reduce industrial waste to zero. SUMICUBE® is widely used in JR railway vehicles, private railway cars, and publicly-operated subway cars. It is also used in express trains and Shinkansen bullet trains, seats for which are required to provide a high degree of comfort.

Used in seating in the Tokaido and Sanyo Shinkansen bullet trains

**1998**

**トリプルフレッシュ® (TRIPLE FRESH)**  
トリプルフレッシュ®(TRIPLE FRESH) deodorant treatment technology was developed to neutralize various odors such as Formaldehyde, cigarettes, and household smells. Curtains and carpets treated with the technology were launched, drawing popularity as products that have a function of preventing sick building syndrome. At present, the technology is used in products used for public facilities, such as hotels and transportation vehicles.

Deodorant treatment curtain and moquette Isehima Liner operated by Kintetsu Corp.

**2000**

**トリプルフレッシュ®プラス (TRIPLE FRESH Plus)**  
トリプルフレッシュ®プラス(TRIPLE FRESH Plus) was developed to neutralize various smells at welfare facilities (distinctive body odor of the elderly, excreta, sweat). Curtains, carpets and wallpaper treated with the technology were launched. The product is used in hospitals, nursing homes, and welfare facilities.

TFP hospital curtain IV  
Nursing home in Nanao City, Ishikawa Prefecture  
Nursing and welfare facility in Osaka City, Osaka Prefecture

**2002**

**トリプルフレッシュ®バイオ (TRIPLE FRESH Bio)**  
トリプルフレッシュ®バイオ(TRIPLE FRESH Bio) is a unique deodorizing technology developed using an artificial enzyme. Gases causing bad odors are quickly absorbed and continuously dissolved due to interaction with the enzyme. トリプルフレッシュ®バイオ(TRIPLE FRESH Bio) has been applied to deodorizing filters used in refrigerators for more than 10 years. Use of this technology has been spreading recently, being applied to air purifiers and heating equipment. Tispa® is a product developed to deodorize household smells common in seven places, such as shoe boxes and closets.



**2000**

**スウィングネット®(SWING-NET)**  
Fabric (three-dimensional knit fabric)  
スウィングネット®(SWING-NET) Fabric, mainly applied for car seats, uses a thick monofilament in the yarn connecting the knitted construction of both sides. Knit products developed using this fabric have a very soft cushioning and a good air permeability, while effectively absorbing driving vibrations. They are also effective in dispersing the pressure resulting from the weight of the driver, keeping his or her seating position and helping to minimize driving fatigue for the driver. If polyester is used in the base fabric and yarn, the product is recyclable.

**2001**

**Various civil engineering sheets**  
Our civil engineering water shield sheet, called Barias, is used in the slope and base of waste disposal sites. Its purpose is to prevent rainwater soaked in waste materials from penetrating into the soil. Other civil engineering sheets produced by Suminoe Textile include those made of non-woven polyester fabric, which is recycled from PET bottles.

**2002**

**OH Film**  
Flooring mats aimed to prevent slipping were developed using Olefin film, which barely emits any toxic gas during burning. The film has been certified as fire resistant in a combustion test conducted for railway car materials. Because of their feature to prevent slipping, the mats are used on the floor near railway car doors. The film is also utilized for bus-floor material to prevent slipping and other accidents. Warning and other signs shown inside the bus also adopt materials made from this film.

Fukuoka City Transportation Bureau

\*Years shown above indicate the year of development.

Feature ① KKR+A Technological challenges in developing products that contribute to society

**2008**

**トリプルフレッシュ® II (TRIPLE FRESH II)**  
 Compared with トリプルフレッシュ® (TRIPLE FRESH), トリプルフレッシュ® II (TRIPLE FRESH II) has a deodorant power twice as strong against Formaldehyde.



**2008**

**Antiviral function fiber processing technology CLEANSE®**  
 CLEANSE® is a technology developed to strongly attach the antimicrobial product called Etak® to the surface of fibers. Etak® is an adhesive antimicrobial product developed by Professor Hiroki Nikawa (Graduate School of Biomedical Science, Hiroshima University) based on an antimicrobial ingredient used for cleaning oral cavities. SUMINOE and Kurabo Industries jointly developed a method to apply this technology to material used in curtains and carpets.

**2008**

**Textile-processing technology to provide an anti-allergen function アレルブロック® (ALLER-BLOCK)**  
 We launched anti-allergen wallpaper アレルブロック® (ALLER-BLOCK), marking the first time that an anti-allergen function has been applied to wallpaper. アレルブロック® (ALLER-BLOCK) can suppress allergen activities associated with cedar pollen and ticks by absorbing them into the multilayer structure made from inorganic materials derived from minerals. The product has been also used in rugs and curtains.



RF-8279  
 (RUNON Fresh Premium series sample book)

**2009**

**Heat-generating treatment ウォームエコ® (WARM ECO)**  
 ウォームエコ® (WARM ECO) is a special processing technology intended to generate heat by absorbing moisture that evaporates from the body. ウォームエコ® (WARM ECO) can be applied to polyester and other non-absorbent textile materials used in autumn or winter carpets. Carpets treated with this function slowly get warm after touching the body.

**2009**

**Cooling treatment クールエコ® (COOL ECO)**  
 クールエコ® (COOL ECO) is a special processing technology applied to spring and summer carpets. The technology is intended to create a sense of cooling among people touching treated products, by absorbing heat of the body when the substance contained in a micro capsule is melted due to the body temperature. The body heat is absorbed faster if specially treated absorbent materials are added, giving a stronger sense of cooling to the user.

**2011**

**Recycled carpet tiles produced under the "closed-loop recycling" system ECOS®**  
 ECOS® achieved the reduction of post-consumption waste material in a scale unseen before. The tile's surface uses the スミトロン® (SUMITRON) polyester yarn\* and the back is composed of recycle tile material recollected from the market, achieving a post-consumption recycle material rate of up to 77%. ECOS® has become the first carpet tile to obtain the Eco Mark under the newly introduced criteria. According to an LCA evaluation, the product is capable of reducing CO<sub>2</sub> emissions by up to 40% compared with other products developed by SUMINOE.

\* Carpet tiles using スミトロン® (SUMITRON) are the SG-300, SG-400, and SG-500 series. Those which have achieved the post-consumption recycle material rate of up to 77% are the SG-300 and SG-400 series. The SG-500 series of tiles can reduce CO<sub>2</sub> emissions by 43%.



ECOS  
 SG-400 Series

**2012**

**クールエコ®2 (COOL ECO 2)**  
 クールエコ®2 (COOL ECO 2) is the upgraded version of クールエコ® (COOL ECO). The carpet gets cooler when the substance inside—a special polymer treated on the basic fabric—causes heat-absorbing reaction due to pressure deriving from the weight of the user sitting on it.

**2012**

**Participation in a project to set international standards for methods to deodorize textiles\***  
 \* ISO 17299-5  
 Metal-oxide semiconductor sensor method



Smell identification device FF-2A (Shimadzu Corp.)

**Thoughts from an executive in charge of technological development**

I have been engaging in research and development while keeping in mind the long-standing policy of contributing to creating a better society through corporate activities—a concept that has been handed down through people who worked for the Company earlier. Our basic business philosophy, characterized by four letters—K (Health), K (Environment), R (Recycle), and A (Amenity)—has remained unchanged since 1998. Our research and development activities have been undertaken based on the philosophy. We are proud of our technology to deodorize unpleasant smells—evaluation and analyzing methods as well as deodorization. I believe that we are the industry leader in this field. Suminoe Textile has expertise in weaving, knitting, and functional textile processing technologies. Based on that strength, we will work with the public sector and academia to undertake joint projects. By doing so, we will expand the scope of our business operations. In addition, we will promote innovative research and development by working with other industries. Our business keyword is "environment," based on which we will advance existing technologies and launch challenging businesses in new fields so that growth will continue into the next generations.

**Yoshiteru Mimura**  
 Board Director  
 General Manager of Technical and Production Engineering Headquarters



Product development based on highly-functional resin-processing technology  
 Product development based on highly-functional fiber-processing technology

Application to new technological fields



**2007**

**Highly-functional synthetic leather for car seats CELL-CLOTH®**  
 Synthetic leather CELL-CLOTH® was launched. It has a waterproof function and a high moisture permeability, which is capable of preventing the leather seat from getting sweaty. With air inside the pores of the seat acting as a heat insulator, the discomfort felt by the driver sitting on the seat during temperature changes is reduced compared with other synthetic leather products.



**2008**

**Breathable heat-insulating roofing sheet under roof tiles**  
 Production of breathable heat-insulating roofing sheet started. The roofing sheet sold by Suminoe Textile for ordinary houses is lightweight and has a waterproof function.



**2010**

**Durable lightweight polyurethane seat fabric for automobiles Frather-Cloth®**  
 Polyurethane fabric Frather-Cloth® was adopted as a car seat material. It is finished in soft texture. While retaining durability, the product is 30% lighter than conventional car seat materials. Since the total seat weight has been reduced as a result of adopting this fabric, Frather-Cloth® has become an environment-friendly product.



**2010**

**Bristle KEAT (brush materials)**  
 We developed a brush whose bristles are tapered, and naturally soft and flexible, applying a unique technology to polyester yarns with bending strength. Bristle KEAT is used in drawing brushes, makeup brushes, and paintbrushes.



Makeup brush

**2010**

**Next-generation functional net for screen doors CLOTHCABIN®**  
 A fine polyester mesh net called CLOTHCABIN® was launched as an air-cleaning product. Its mesh size is 160 times smaller than conventional products, preventing more than 80% of the ingress of cedar and cypress pollen.



**2012**

**スミノエバイオテック® (SUMINOE BIOTECH)**  
 Business using functional natural ingredients thought to contribute to people's health and beauty was launched by Suminoe Textile. Commercialized under the business is powder made from sunflower family vegetable "Kinjiso," which has been traditionally used in the Kaga area of Ishikawa Prefecture for the enhancement of health. Also promoted is a powdered essence extracted from strawberries, which is known to have many nutrients thought to enhance beauty, such as vitamins and polyphenols, using a unique extraction method. These processed ingredients have been widely used in health foods, supplements, and cosmetics.



Powder extracted from "Kinjiso" vegetable  
 Strawberry-derived powdered essence containing polyphenol

**2013**

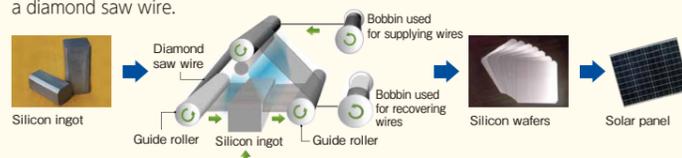
**Fire-resistant honeycomb structure スミハニカム® (SUMI-HONEYCOMB)**  
 The lightweight and robust structure was developed by kneading a Suminoe special nano-size fire-resistant filler into the honeycomb structural body of a thermoplastic polymer. The product will be used in a wider range of fields.



Application of スミハニカム® (SUMI-HONEYCOMB)  
 Applied to core material of railway vehicle door

**2013**

**Slicing-process business focusing on slicing silicon wafers for solar-power cells**  
 Suminoe Textile's slicing-processing business is led by Suminoe Nakacho Device Technology Corp., a joint venture company established with Nakamura Choukou Co. The business started with a joint venture focused on slicing silicon wafers for use in solar-power cells, one of the most important processes for solar cell production, using a diamond saw wire.





Based on the key phrase “Resources for the Future,” we have built a system to enable reduction of waste material and material recycling, on a scale unseen before.

**ECOS®. Three characteristics of ECOS®, recycled carpet tiles produced under the “closed-loop recycling” system**

Sales of recycled carpet tiles under ECOS® started on July 15, 2011. Since then, 297 items under 29 marks have been released under the ECOS® series. Carpet tiles manufactured and sold by SUMINOE in the future will gradually switch to ECOS® products. At a time when environmental consideration is required in corporate activities, we will contribute to creating a sustainable society through ECOS®.

**1 Attainment of one of the world's highest recycled material rate**

The post-consumption recycled material rate is 25% to 40% for most recycled carpet tiles currently in circulation in the world market. However, the recycled rate of ECOS® products is significantly higher at up to 77%.\*

\* ECOS® SG-300 and SG-400



**2 Safety control through limited use of recycled material**

There are many recycled materials whose origins cannot be identified. ECOS®, however, limit backing material to recycled carpet tiles. The measure is aimed to ensure safety of products by clarifying from where the material used derives.



**3 Substantial reduction of CO<sub>2</sub> emissions—higher than conventional products**

The ECOS® SG series uses the polyester-based material, スミトロン® (SUMITRON), which derives from PET bottles, in pile materials. The series achieved a CO<sub>2</sub> reduction rate of up to 43%\* compared with the conventional carpet tiles developed by SUMINOE, according to an LCA evaluation. The weight of ECOS® products is about 5% lighter than conventional products, curbing environmental load in transportation.

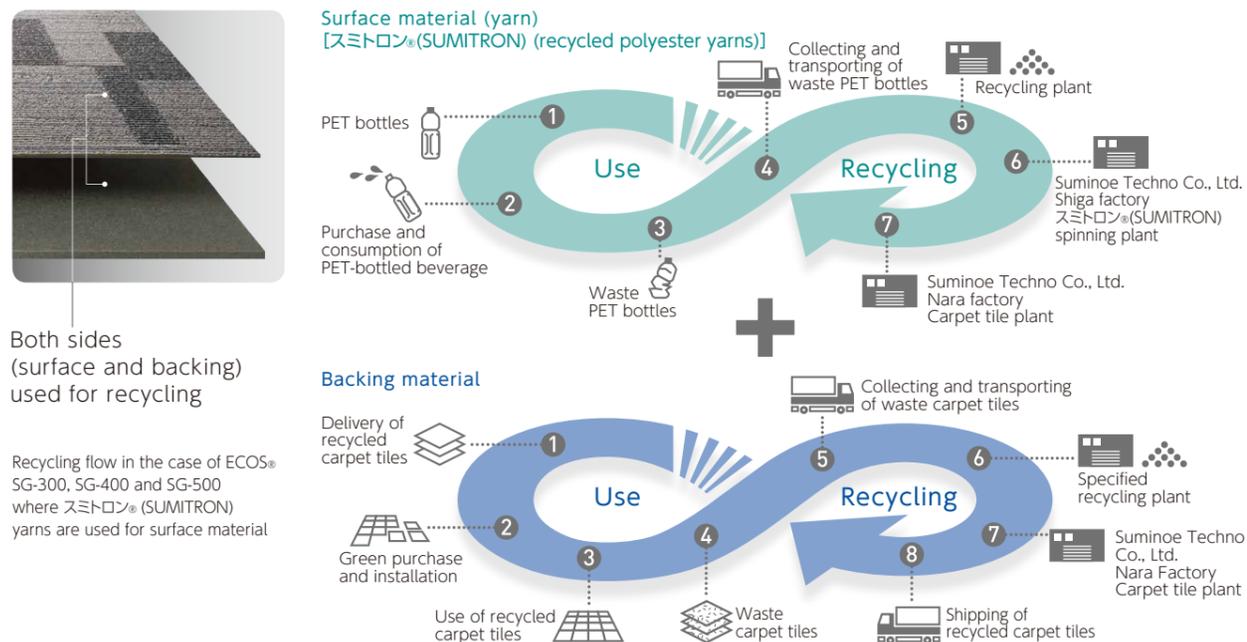
\* ECOS® SG-500



ECOS® LX-1700

**ECOS® recycle system (Double recycle system)**

**Double recycling (surface and backing materials)**



Both sides (surface and backing) used for recycling

Recycling flow in the case of ECOS® SG-300, SG-400 and SG-500 where スミトロン® (SUMITRON) yarns are used for surface material

**Past awards**

**Receipt of award from Life-Cycle Assessment Society of Japan (JLCA)**

Suminoe Textile received the 10th Encouragement Prize of the Life-Cycle Assessment Society of Japan (JLCA) in January 2014 for its development of environmentally friendly carpet tiles. In receiving this JLCA-sponsored award, Suminoe Textile was commended for applying the concept of environmental efficiency to the development of carpet tiles, clearly demonstrating their recycling efforts to society in a numerical fashion by employing the LCA method and also demonstrating the positive effects of “closed-loop recycling.” Suminoe Textile boldly took on the very challenging task of implementing the “closed-loop recycling” of its products and was able to produce results as use of these environment-friendly carpet tiles have been steadily increasing, according to the JLCA.



**Receipt of 2013 ECHO CITY award**

Suminoe Textile Group's ECOS® series received the 2013 ECHO CITY award, sponsored by Nikkei Architecture and Nikkei Homebuilder, in February 2014 for development of “closed-loop-recycled” carpet tiles.

The Group was commended for establishing a product recollection system through the ECOS® series and offering eco-friendly carpet tiles with a high recycled material rate, at reasonable prices mostly equivalent to conventional products. Architect Kengo Kuma, who served as chief judge for the contest, commented that the ECOS® series was as an outstanding achievement that has had an impact on the future of the construction industry.



**View of engineers on the development process**

In recent years, environmental issues have attracted increased public attention. As a carpet maker, we have striven to develop recyclable products as part of our efforts to create a recycling society. One example was the development of スミトロン® (SUMITRON), recycled from PET bottles, for use in pile materials. Polyvinyl chloride is used for the backing of carpet tiles. Under the ECOS®, we tried to use as much recycled carpet tiles as possible for the backing, aiming to produce the whole part of the backing from recycled material. This was a challenge in which our ability to use recycled material was tested to the limit. After taking on the challenge, we found that the task seemed impossible as we faced one difficulty after another. Our past know-how for manufacturing regular types of carpet tiles did not

work at all. Therefore, we had to review the composition of materials used and processing conditions, from scratch. A full one year was needed for solving basic problems, and an additional two years to reach the production stage. Trials and errors continued but the seven of us involved in the project encouraged each other as we struggled to come with any interesting ideas, calling ourselves the “Seven Samurais” for the project. Our efforts, backed by our pride as engineers, finally led to commercialization of the project. The carpet tiles produced under the ECOS® recycling method are innovative, embodying how “closed-loop recycling” should be. All seven of us are proud of our contribution to the environment. We will make further efforts to come up even more upgraded products and win our customers' trust.



**Kazufumi Shimizu**  
Head of Research and Development Department  
Suminoe Techno Co., Ltd.

ECOS® development team  
From left, Seigo Yamazaki, Hiroaki Ishii, Kazufumi Shimizu, Takahiro Komemura, Takuya Inoue, Takeshi Sakurai, and Masaharu Shida

**Views of a client selling our ECOS® series and a Suminoe Group employee in charge of marketing**

**The Hokusetsu marketing outlet of The Kansai Electric Power Co. introduced our ECOS® series.**

**<Sales representative's view>**  
**Jun Hirata**  
Section Chief  
Development Department,  
Western Japan, SUMINOE Co., Ltd.

**<Comments from client company>**  
**Mr. Yoshinari Miyahara**  
Team Manager  
Second Building Design Team,  
Construction Group, Newjec Inc.



I put forward marketing proposals to the design and engineering consultancy firm, Newjec Inc., to promote our ECOS® series. The design firm's response to the proposals amid fierce competition with rivals was very positive, highly evaluating us for establishing a solid recycling system, attaining a high recycled material rate, and setting product prices at levels generally equivalent to those of conventional products. The commendation was echoed in comments made by The Kansai Electric Power Co. officials during their meeting with me where I had an opportunity to pitch the ECOS® series. The meeting led to a business contract to supply the products to the power company's Hokusetsu marketing outlet. The Kansai Electric Power has been continuing to work with our Company following the latest deal, giving me a great confidence in marketing our products.

Under the “environment-friendly marketing office” concept, we have set a goal of attaining the “S” ranking under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). We proposed SUMINOE's ECOS® series to a building owner under our policy of promoting the active use of environment-friendly materials and products as a major marketing tool. The owner was impressed with my proposal, citing reasonable costs—about the same as conventional products—despite boasting a recycled material rate standing at one of the highest in the world. The owner was also fascinated by the ECOS® series' design and texture. The goal of attaining CASBEE's “S” ranking has been achieved through business with the building owner, for which we also received a Sustainable Design award from Osaka Prefecture, which led to construction of a building symbolizing the trend toward a low-carbon society.

# Wishing to Continue Growing as a Company that Supports the Aspirations of Employees.

From a statement made at the discussion meeting organized by the Women's Empowerment Review Council



## I did not feel any gender gap when we were recruited

**Fukuda(Moderator):** What kind of measures are necessary to ensure that female employees of the Suminoe Textile Group can work lively and actively? To discuss this theme, the Women's Empowerment Review Council, which comprises eight members selected from various departments, has held three meetings since October 2013. As part of the Council's activities, we have organized this discussion meeting between us female employees and President Yoshikawa and Managing Director Iida.

Now let us begin to exchange views based on the questionnaire survey of our employees, in order to make the Suminoe Textile a company where not only female employees but all employees can work happily and actively. First of all, I would like to ask you if you ever felt a gap between men and women when you were recruited by a Suminoe Textile Group company.

**Yata:** I did not feel such a gap at all. Looking at the employees newly hired in recent years, I think that our Company have recruited them based on an impartial judgment of their abilities.

**Managing Director Iida:** Suminoe Textile's key prerequisite for employment is that the applicant is bright and energetic. Regardless of whether applicants are men or women, in the selection process we examine how they can be positive about their everyday



life. We also check if they are able to improve their skills by absorbing the opinions of others. I believe that men-women gaps have nothing to do with our employment policy.

**Fukuda:** Question No.1 in the questionnaire survey asks if, after joining their companies, employees think that their evaluation is made based on their abilities and achievements regardless of gender. More than half of the respondents gave positive answers.

**Oshima:** My department is in charge of the new web business relating to interior products. The ratio of males to females of regular employees in my department is almost the same, and we are all evaluated simply in terms of sales.

I therefore feel virtually no gender gap in employee assessment. As for promotion, I hope



that any disparities between the sexes will diminish in the future.

**Ozawa:** In the Technical Center where I work, regardless of gender, employees are given technological development themes that incorporate the needs of the market. Since we can gain recognition if deemed to have contributed to product commercialization, I feel that there is very little gender gap.

**President Yoshikawa:** It is ideal that the Company should provide completely equal opportunities to display employees' abilities regardless of gender. However, we have still many problems to be addressed to realize the ideal. But I would like to remind you that there are some fields where no male-female disparity is present, or which are actually more favorable for women. Among them are technological development, product planning, as well as a market that targets women. I hope that female employees begin with building up their track records in these fields.

## Working while raising children requires understanding and cooperation from other members

**Horino:** I have had two children, and taken a total of three years of childcare leave. Although I was worried about the inconvenience I might have caused other members of my department, I took the leave because I consider it to be necessary for myself and my family. Even after returning to work, I was able to receive a variety of support for one year or so. For example, my supervisor changed my duties so as to have fewer opportunities to contact other departments, taking into account my condition; sometimes I had to take a day off, due to a sudden illness of my children or to pick up them from a nursery school. My company's workplace regulations are more generous than the legal



requirements of Japan. However, I think that ultimately the discretion of our supervisors is more influential in this matter.

**President Yoshikawa:** It true that it largely depends on your supervisor's ability of understanding. Although it may sound old-fashioned, I myself think that women should place an emphasis on childcare for a period of time after giving birth to their babies. This is because I believe that motherhood is essential for children. However, after that period when their children require less care and female employees return to work, I hope that they will undertake more challenging work. Since these female employees will have great difficulties because of a blank period in their career, they may well need the understanding of their supervisors and the other people around them.

**Watanabe:** After having children, it is difficult to continue the same work as before, while rearing children at the same time. Therefore, working mothers may temporarily have less energy in doing their work. However, highly motivated working mothers could become powerful again as their children grow and require less care. I therefore hope that people around these female employees understand that they are at a less powerful stage, though just temporarily. I request that people around these working mother employees should not judge them only by looking at them in a somewhat weaker condition.

**President Yoshikawa:** Some female employees can exhibit a hidden potential after having experience in raising children. It is indeed necessary for those around working mother employees to give appropriate considerations to them.

**Managing Director Iida:** Promoting communication within the Company is truly important. Through such efforts, I want to make Suminoe Textile friendlier to working mothers, so that they can find it easier to return to work after having got over the busiest part of bringing their children up.

### ■ Participants

President  
Ichizo Yoshikawa  
Managing Director  
Hitoshi Iida

Purchasing Department,  
Suminoe Textile Co., Ltd.  
Haruko Yata

Osaka Bus Sales Group, Western  
Japan Traffic Sales Department,  
Suminoe Textile Co., Ltd.  
Yuko Hamamoto

New Business  
Development Department,  
Suminoe Textile Co., Ltd.  
Yuko Fukaki

Technical Center,  
Suminoe Textile Co., Ltd.  
Mayumi Ozawa

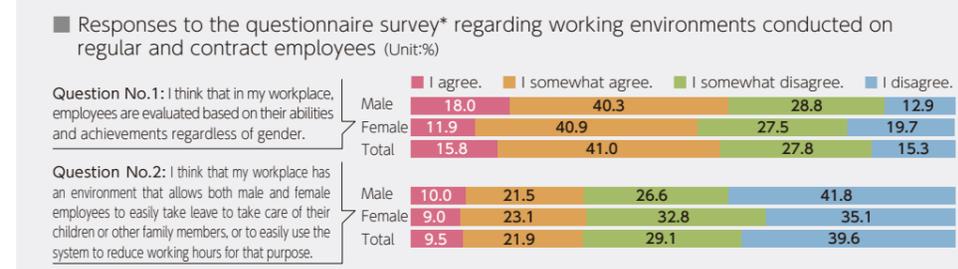
Group1, Design Department  
Suminoe Teijin Techno Co., Ltd.  
Naoko Watanabe

Operation Management  
Department, SUMINOE Co., Ltd.  
Akiko Horino

WEB Shop Section, New Business  
Department, SUMINOE Co., Ltd.  
Megumi Oshima

Kinki District Sales Development  
Department, RUNON Co., Ltd.  
Saki Yamamoto

CSR Promotion Department,  
Suminoe Textile Co., Ltd.  
Naoko Fukuda (Moderator)



\*The questionnaire survey was conducted in March 2013 on employees working at Suminoe Textile Group companies in Japan, and 1,004 employees responded.

**Fukuda:** Going forward, we will face the issues concerning not only care for children but also care for the elderly and other family members. Question No.2 in the questionnaire asked employees if they thought their workplaces had an environment that allows both male and female employees to easily take leave to take care of their children or other family members, or to easily use the system to reduce their working hours for that purpose. To this question, a little less than 70% of both male and female respondents answered that they did not think so. Given this reality, we need to improve our workplace environments to enable employees to more easily use the child and family care support system.

**If you cannot find a person who you want to be like, you should be courageous enough to become such a person yourself**

**Yamamoto:** It was true that I felt no gender gap when I joined my company, but I am concerned about the fact that there are no female managers in my workplace. For this reason, I am afraid female employees cannot be promoted unless the company's system is changed.

**Fukuda:** To Question No.3 asking employees if they feel that they are given equal opportunities

for promotion regardless of gender, many female employees in particular replied that "I disagree." In fact, currently the number of female managers is still very small. On the other hand, the results for Question No.4 show that extremely few female employees wish to be managers in the future. Do you have any thoughts on this?

**Fukaki:** I think the problem is that female employees have no one to consult with about how to improve their career, partly because they can find only a few female managers who serve as their role models around them. Female employees do not know how they will be able to improve their career in the future after they get married and have children, while balancing their personal and work life. Probably this kind of insecurity is reflected in the results for Question No.4.

**Hamamoto:** I had thought that many more female employees wanted to move into management. The number of female employees who admire and envy a managerial position may be smaller than I expected.

**Watanabe:** I guess that most female employees are not yet aware of what it is like to be a manager. Since they have no role model to follow, they cannot imagine it. Currently, I am working as a group leader. When I was appointed to the position, I was a little surprised because I had not expected that. So I am struggling to change my mindset. As a person in a managerial position, I believe that it is my duty to reform the organization, making effective use of those working under us. We have to change the workplace atmosphere so as to enable even female employees to naturally feel motivated to be a manager.

**President Yoshikawa:** If you cannot find a person who you want to be like, you have no choice but to become such a person yourself. I believe that actually you can be, if only you aspire to be the person that you want to become. The strength of our Company lies in such a corporate culture that facilitates employees' aspirations. When I worked as a field sales representative, sometime my on-site perception was different from that of my bosses, and I felt stressful as I thought "They don't get it." When I later became a boss myself, I was pleased to no longer feel such stress. But I had to assume greater responsibilities instead (laughter). This is another example that shows how influential our supervisors' capabilities are.

**Hamamoto:** In this sense, I was lucky to have a good boss.

**Managing Director Iida:** I guess some employees do not want to be a manager yet, since they like working on the front line.

**Watanabe:** Once we are appointed as a



From the left in the back row: Fukuda, Hamamoto, Yata, President Yoshikawa, Managing Director Iida, Oshima and Watanabe  
From the left in the front row: Fukaki, Horino, Yamamoto and Ozawa



manager, we have to give up our present jobs. It may be a pity.

**President Yoshikawa:** The duties of managers cannot be fulfilled if they are unable to properly understand the nature of front-line work. Conversely, I cannot give a managerial position to anyone without the experience of a front-line job. I encourage many more employees who like working on-site to move into management.

### A Company that embraces the aspirations of employees

**Fukuda:** Lastly, I would like to ask your ideas about what we should do to ensure that not only female employees, but also all Suminoe Group employees can work happily and actively.

**Fukaki:** I want to have many opportunities to communicate with diverse people, transcending the boundaries of departments and headquarters.

**President Yoshikawa:** I assume that individual employees have various different views. I really hope and request that all employees, particularly young people, consider what our Company ought to be, and actively advance their opinions. If individual employees do so, I definitely believe that our Company will further grow. Occasionally I hear some people saying "My company does not do anything for me." However, I think that a

company is a "tool" to be used to realize your vision, achieve your ideal life, and do what you wish to do. As such, our Company will provide full support to those who are intending to do their very best.

**Managing Director Iida:** So far I have obediently accepted all appointments from the Company. While fulfilling the assigned duties, I have gradually built up my career, developing a sense of responsibility and a sense of accomplishment. Now I benefit from such experiences, and I hope to share my experiences with employees to help them improve their own careers. Please ask me anything you want and I will answer everything I can.

**Fukuda:** The time is almost up. President Yoshikawa, do you have any message you wish to convey to employees?

**President Yoshikawa:** I would like to remind all employees that if they have any problem, they should not put it off. If you have a problem, I hope that you will signal to us for help in addressing it without reservations. If a problem occurs, do not carry the burden all by yourself. In summary, you should not tackle the problem alone, but should seek the involvement of the organization to resolve the issue.

I would also like to stress that you should not need to fear failure; After night comes the day. If you work very hard, you will be able to find a certain clue. However, just seeking help is not enough. You should also submit your ideas to realize what you want to do. This will certainly lead to a solution to the problem.

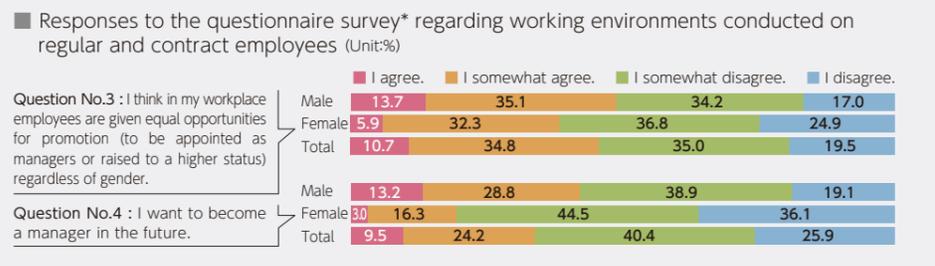
I ask you all to understand that Suminoe Textile is a flexible company that can embrace what you want to achieve and what you want to become. Although actually there are many challenges to be addressed, I am sure that our Company can shape a better future by helping you achieve your goals.

**Fukuda:** President Yoshikawa, Managing Director Iida, and members of the Council, thank you very much.

### Business Skill Improvement Seminar for Women

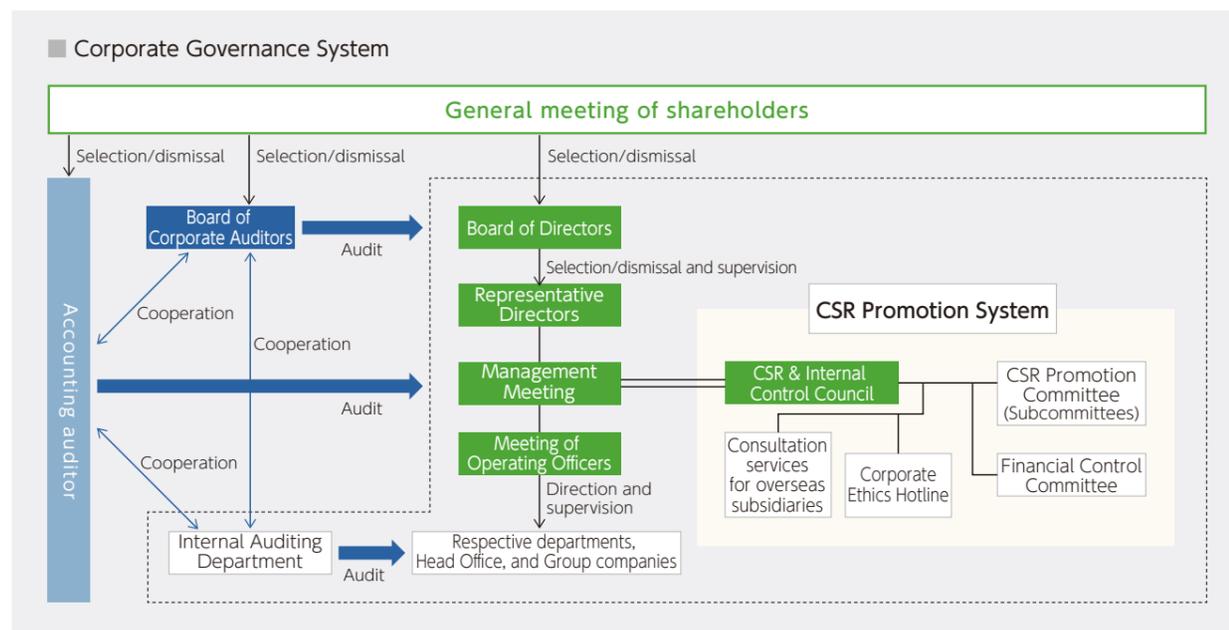


The Business Skill Improvement Seminar for Women was held in October and November 2014, with a total of 49 female employees participating. After listening to messages from senior female employees, participants learned about the practical skills necessary to effectively carry out their jobs. We also offer a tour to the Nara Factory upon request.



Corporate Governance

While maintaining our traditions as a pioneering interior manufacturer handed down from its founding, Suminoe Textile aims to increase its corporate value by advancing into new growth fields. To rapidly respond to the changing business environment and visualize its management, we have established the corporate governance system outlined below.



Board of Directors

The Board of Directors comprises seven directors (including one outside director), and supervises business execution and makes decisions on important matters. In fiscal year 2013 (125th term), the Board of Directors held nine meetings.

Board of Corporate Auditors

The Board of Corporate Auditors consists of three auditors (including two outside auditors). The Board decides auditing policies and plans, and deliberates on audit reports. In fiscal year 2013 (125th term), the Board of Corporate Auditors held eight meetings.

Management Meeting/CSR & Internal Control Council

The management meeting is held every week, in principle, to report and deliberate on important management matters. Matters of particular importance will be reported to the Board of Directors. CSR-related important matters and evaluation of internal controls concerning financial reports are discussed at the meeting of the CSR & Internal Control Council. The meeting is attended by one full-time corporate auditor as an observer.

Meeting of Operating Officers

The Meeting of Operating Officers comprises President and operating officers of Suminoe Textile Co., Ltd., and holds its meeting once a month. At the monthly meeting, the decisions made by meetings of the Board of Directors or by the Management Meeting are announced, and reports are made on the present status of business execution by each operating officer.



Back row: Hidenao Yoichi (Outside Corporate Auditor), Makoto Tatsumi (Corporate Auditor), Kunihiko Kotaki (Director), Masaru Kunisawa (Outside Director), Isao Yamabe (Outside Corporate Auditor)  
 Front row: Yoshiteru Mimura (Director), Shozo Kawabata (Representative Managing Director), Ichizo Yoshikawa (President), Yoshiaki Tanihara (Representative Managing Director), Hitoshi Iida (Managing Director)

Suminoe Textile Group Code of Conduct

Suminoe Textile Co., Ltd. and its Group companies put the Company's management concept into practice on a daily basis and maintain high ethical standards in all aspects of our business operations, so as to continuously enhance Suminoe Textile's existence value. We have drawn up the Code of Conduct to serve as the core principles to be observed by all officers and employees of the Company.

- 1 We comply with all laws and social norms, and conduct corporate activities in an impartial and ethically sound manner.
- 2 We contribute to the advancement of the community through the production and sale of high-quality products.
- 3 We treat all employees of the Company fairly, act with due respect for their individual personalities, and place high importance on their health and safety.
- 4 We place high priority on maintaining good relationships with all our stakeholders.
- 5 We make proactive contributions to the community, as expected of a good corporate citizen.
- 6 We take very seriously the impact of our business activities on the global environment, and contribute to environmental preservation initiatives.

Compliance

Based on the Compliance Declaration made by President Yoshikawa in June 2006, we summarized the mission statement and motto of our Company, which has a history of 100 years from its establishment, as the Management Concept of the Suminoe Textile Group. We then compiled a guidance document that comprises four components: Management Concept, Compliance Promotion System, Suminoe Textile Group Code of Corporate Behavior, and Corporate Ethics Hotline (Whistle-Blowing System).

Since 2006, we have promoted compliance awareness among all employees, by distributing the guidance document and providing compliance education as part of the training upon hiring and training by level. The

details of the compliance-related activities, including audits, are reported to the CSR Promotion Committee on a regular basis. Group-wide improvement activities are carried out to promote legal risk management. Moreover, the CSR Promotion Department and members in charge of CSR promotion at each department work together to provide business support to avoid legal risk, to disseminate relevant information through the intranet, and to hold in-house seminars on the Subcontract Act and laws and regulations regarding each business. Through these endeavors, we strive to educate and raise awareness concerning compliance within the Group.

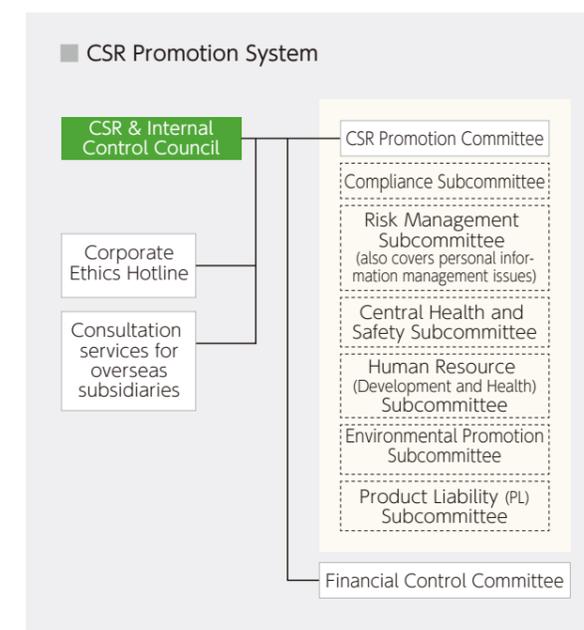
CSR Promotion System

Since April 2012, we have held meetings of the CSR Promotion Preparatory Committee, to discuss what areas of operations the Suminoe Textile Group should promote as its CSR core categories.

We have set a key performance indicator(KPI) for each of the seven categories of CSR operations, referencing the ISO26000 guidelines. To garner greater trust from society, the Company gives first priority to fully compliance-based activities.

In December 2014, the CSR Promotion Committee was officially inaugurated. The Committee is scheduled to hold regular quarterly meetings to determine the overall CSR activity policy, discuss activity plans for each subcommittee, and check the progress of CSR activities. At the end of the term, based on the reports submitted from subcommittees, the Committee formulates plans for next year's initiatives. Through these efforts, the Committee will play a central role in promoting the Group's CSR activities.

In the future, we will flexibly hold subcommittee meetings by CSR category, so as to further enhance our CSR activities, aiming to become a company that can make a significant contribution to society.



Referencing the ISO 26000 guidelines, we have classified CSR activities into seven categories, and set a key performance indicator (KPI) for each category. In fiscal year 2013, we were committed to CSR activities based on the full compliance with laws and regulations.

A: Accomplished, B: Almost accomplished, C: Not accomplished

CSR category	Related page	Priority item	Major theme	FY2013 results	Self-assessment	Targets for FY2014 and onward
Governance and compliance	P.19 ~20	Corporate governance	Hold discussions at meetings of the Board of Directors, the Board of Corporate Auditors and other committees, to promote fair corporate activities	- Held nine meetings of the Board of Directors and eight meetings of the Board of Corporate Auditors - Held meetings of the CSR Promotion Committee and other committees, to promote activity plans	A	- Hold meetings of the Board of Directors and the Board of Corporate Auditors, and review and promote activity plans at CSR Promotion Committee meetings
			Evaluate the effectiveness of internal control over financial reporting of Group companies that fall within the scope of assessment	- Number of material weaknesses (to be disclosed pursuant to the so-called J-SOX) [Target: 0 → Result: 0]	A	- Implement activities with the Financial Control Committee playing a central role [Target: Number of material weaknesses: 0]
		Compliance	Promote the Code of Conduct and the Code of Corporate Behavior of the Suminoe Textile Group	- Provided explanations about compliance to new employees - Provided compliance education at training by level [Rate of plans implemented: 100%]	A	- Promote compliance-related awareness-raising activities [Rate of plans implemented: 100%]
			Continue compliance-related monitoring	- Implemented compliance audits [Rate of plans implemented: 100%]	A	- Implement compliance audit [Rate of plans implemented: 100%]
			Announce the Hotline to all employees	- Announced the Hotline to new employees [Target: 100% → result: 100%]	A	- Announce the Hotline to new employee [Target: 100%]
Operating practices	P.29	Fair transactions	Visualize the status of contracts, and implement legal education and monitoring concerning business transactions	- Regularly reviewed contract storage conditions - Implemented legal education and monitoring regarding the Subcontract Act [Rate of plans implemented: 100%]	A	- Regularly review the contract storage conditions - Implement legal education regarding the Subcontract Act - Conduct internal audits concerning the Subcontract Act - Make efforts to prevent violations of the Anti-Monopoly Act (Create a procedure manual to prevent cartel behavior) [Rate of plans implemented: 100%]
	-	Green Procurement	Promote the Green Procurement Guidelines	- Distributed the guidelines to suppliers and collected Green Procurement records [Target: Once a year → Result: Once a year]	A	- Distribute the guidelines to suppliers and collect Green Procurement records [Target: Once a year]
Human Rights, employment, treatment of employees, and human resource development	P.15 ~18 · P.27 ~28	Respect for diversity	Respect the diversity of employees to create a comfortable working environment	- Achieved the legally required percentage of employees with physical disabilities (at Suminoe Textile Co., Ltd.) [Result: 2.02% (June 2014)] - Held briefing sessions and conducted evaluations according to the degree of difficulty, to promote re-employment and make effective use of re-employed personnel - Started to discuss a women's empowerment project, aimed at increasing the number of female managers (10% in three years)	A	- Implement measures to achieve the legally required percentage of employees with physical disabilities at subsidiaries - Make effective use of re-employed personnel by holding interviews with their supervisors at the time of contract renewal - Implement specific measures, including organizing seminars for female employees
			Human resource development	Implement group training to help employees improve their skills and abilities	- Held in-house training sessions by level and by theme [Rate of plans implemented: 100%] - Administered the TOEIC tests for new employees - Provided foreign language training programs (school attendance course, correspondence course, and training course before leaving for overseas duty)	A
Safety, disaster prevention, and health	P.28	Occupational health and safety	Promote activity plans to protect the safety of employees	Periodically held meetings of the Health and Safety Committee and implemented preventive measures to achieve the targeted occupational incident rate [Target: Occupational incident rate including the rate of lost-worktime injuries: 5 → Result: 5.05] Carried out disaster drills [Rate of plans implemented: 100%]	B	Periodically hold meetings of the Health and Safety Committee and implement preventive measures to achieve the targeted occupational incident rate [Target: Rate of lost-worktime injuries: 1] Carry out disaster drills [Rate of plans implemented: 100%]
			Provide care to maintain the health of employees	- Held mental health training for managers twice, with 45 participants - Regularly publicized health consultation services and called for employees to take health checkups - Take measures regarding working hours (holding seminars on labor laws)	B	- Provide anti-harassment training for managers - Regularly publicize health consultation services and call for employees to take health checkups - Take measures regarding working hours (holding seminars on labor laws)

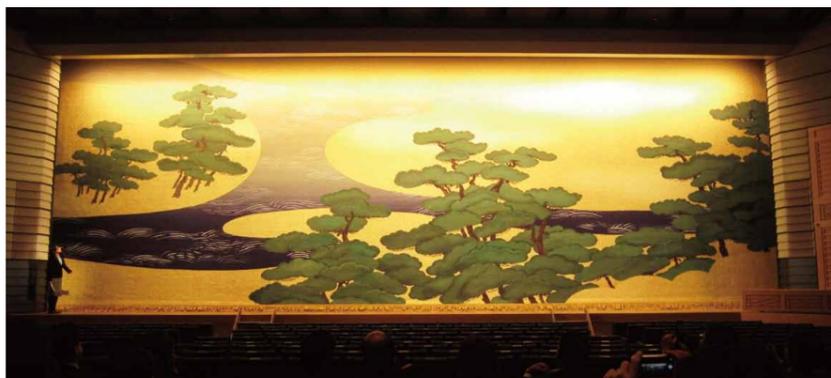
CSR category	Related page	Priority item	Major theme	FY2013 results	Self-assessment	Targets for FY2014 and onward
Environment	P.31 ~36	-	Eco Challenge 2015	-	-	See page 33
Risk management	P.29 ~30	BCP	Promote a business continuity plan (BCP) to be implemented in the event of emergency or disaster	- Formulated a plan for initial responses to a major disaster and drafted a BCP for disaster prevention, focusing on the head office function [Target: 100% → Result: 80%]	C	- Complete the plan for initial response to disaster and the BCP for disaster prevention, at four factories/offices in Japan - Set up the BCM Subcommittee
			Promote understanding of intellectual property	- Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions) [Rate of plans implemented: 100%]	A	- Implement awareness-raising activities regarding intellectual property rights (through the in-house intranet and training sessions) [Rate of plans implemented: 100%]
		Information security	Provide information security education (security of information terminals and personal information protection)	- Provided education of the security of information terminals for new employees - Re-established the information security mechanism related to personal information protection	A	- Provide education of the security of information terminals to employees - Conduct rotation audit of the personal information protection management conditions
			Carry out awareness-raising activities to prevent insider trading	- Held two study meetings regarding insider transaction regulations	A	- Hold study meeting for newly appointed managers - Implement awareness-raising activities through the in-house intranet
Consumer issues	-	Quality improvement	Promote quality improvement efforts	- Regularly held Quality Assurance Joint Meeting, and implemented activities to share the initiatives regarding quality improvement (activities to reduce the percentage of defective products and the losses due to defective quality), and chemical substances regulations	A	- Regularly hold the quality assurance joint meeting, and continue activities to share initiatives regarding quality improvement (activities to reduce the percentage of defective products and losses due to defective quality), and chemical substances regulations
			Customer satisfaction improvement	Appropriately respond to customers and share customer service experience company-wide	- In FY 2013 the Customer Service Center received 1,967 inquiries/complaints. Inquiries about products, standards, prices, and functionality accounted for 46% (917 cases), and complaints accounted for 11% (224 cases). As for the latter, we categorized the complaints and analyzed their causes, so as to utilize the information in future product development.	A
Communications	-	Information disclosure	Properly disclose investor relations information	- Quarterly disclosure of summary of financial results to the Tokyo Stock Exchange, and published the summary on the Company's website - Presented the Suminoe Textile booth at the JAPANTECH 2013, the 40th International Home Care and Rehabilitation Exhibition (H.C.R.) in 2013, the Health Ingredients (Hi) Japan 2013, and other exhibitions	A	- Disclose accurate IR information without delay
			External communications	Promote communication with stakeholders (publicize the strength of the Company)	- Held events to commemorate the 100th anniversary of Suminoe Textile Takarazuka Revue invitation campaign (Osaka and Tokyo) Publication of the 100th anniversary booklet 100th anniversary dividend - Actively held meetings with institutional investors - Held company information sessions for individual investors in two locations (Osaka and Tokyo) - Published briefing materials for financial results and other IR data on the website	A
Social contribution activities	P.37	Social contribution activities	Contribute to the local communities Carry out social contribution activities relating to environmental protection	- Held internship programs and factory tours - Supported activities of the Osaka Green Trust - Participated in the volunteer activities organized by the <i>Kyohokai</i> to collect goods to support those affected by the Great East Japan Earthquake	A	- Contribute to local communities and continue social contribution activities relating to environmental protection

## Together with Our Customers (Delivery Track Records)

The Suminoe Textile Group works together with customers to offer comfortable public spaces.

### Delivery Track Records of Interior Decor Products

Our plush hand-woven curtain created with *hon-tsuzure* weaving (fingernail weaving) technique is employed by the National Bunraku Theatre



Time of delivery: March 2014  
Finished size: Width 20.0m x height 7.8m, 156m<sup>2</sup>  
Place of delivery: Large Hall, National Bunraku Theatre



[Sales representative's view]  
**Takuo Yamashita**  
West Japan Development Department  
SUMINOE Co., Ltd.

The National Bunraku Theatre, located in Chuo-ku, Osaka City, was opened in 1984 as Japan's 4th national theater. In 2014, which marks its 30th anniversary, the theater renewed its stage curtains for the fourth time.

We were commissioned to deliver a plush hand-woven curtain, on which pine trees are depicted. The pine tree is one of the great themes for the stage curtain design of the National Bunraku Theatre. Since the theater was first opened, the curtain has been renewed every ten years, with the gradual growth of pine trees portrayed on the curtain. The curtain delivered this year

was entitled "*Soryuyusho-zu*," featuring the pine trees that have grown further. The work was created based on "*Hamamatsu-zu byobu*," a Japanese folding screen painting by Kaiho Yusho (1533-1615), an artist of the Momoyama period (late 16th century). The scene portrayed on the curtain has a bold composition. The decorative part that divides the water and the beach is laid out to make a good balance with the realistic part, which depicts close and distant views of pine trees. The blue flowing water reminds the audience of the source of life, looking as if it symbolizes Osaka, a "city of water" where people's lives have always been intimately connected with its waterfront, which has supported the city's cultural development.

As in the past, we carried out each process while carefully listening to the customer's detailed requests. As a result, we were able to deliver the product that deepened the relationships between the customer and SUMINOE, further strengthening the customer's trust in us.



[Creator's view]  
**Kenjiro Hata**  
President  
Tango Textile Co., Ltd.

We were entrusted to create a plush hand-woven curtain of the highest quality, using the *hon-tsuzure* weaving (fingernail weaving) technique. Its production began with the process of faithfully reproducing the original painting, which was one 20th of the curtain in size, while enlarging it into the required size of the curtain. We then use the *tobashi-ori* weaving method (special weaving method to produce a rugged texture) to express both short and long-range views of the beach and pine trees. It was very difficult to create a real sense of perspective. To express the vivid composition, we used a generous amount of yarns dyed in 100 basic colors and in 200 mixed colors, which contrast with the gold thread-woven base. Consequently a very gorgeous and plush hand-woven curtain was completed. As for the weaving process, which is the critical part, a total of 425 weavers took four months to weave the plush hand-woven curtain of 156m<sup>2</sup>(1,700sai) in area. About ten months after receiving the order, we were successfully able to deliver the completed curtain.



[Customer's comment]  
**Mr. Kazuo Sato**  
Head of the Business Promotion Division  
National Bunraku Theatre, the Japan Arts Council

Since its opening, the National Bunraku Theatre has renewed its stage curtains every ten years. This year, when the theater was celebrating its 30th anniversary, we were pleased to have been able to see a magnificent new curtain delivered to the theater, thanks to kindness of all those concerned and outstanding skills of SUMINOE Co., Ltd. Once again, I would like to express our sincere appreciation.

The stage curtain is the first thing that members of the audience see after entering the theater and taking a seat. In particular, the pine tree is one of the motif themes that have been taken over from our very first curtain. The curtain featuring the pine tree design has been frequently used when a Bunraku puppet show is staged, and has become familiar to many visitors as the symbol of the National Bunraku Theatre.

I hope that we will be able to see the pine trees that will have grown even taller, when the theater marks its 40th and 50th anniversaries in the future.

### Delivery Track Records of Industrial Materials

Lexus NX, Toyota Motor Corporation



The Lexus NX is the first compact crossover sport utility vehicle (SUV) under Toyota's premium car brand, Lexus. This sharply styled vehicle with a sophisticated and mature look is also appreciated by young drivers. The Lexus NX was launched on July 29, 2014, in Japan.

Two models—the NX 200t, the first Lexus fitted with a new turbo-charged engine, and the NX 300h, powered by a hybrid system—are available. The car offers both active driving and excellent environmental performance. Suminoe Teijin Techno has delivered the seat fabrics for the NX 200t and the NX 300h, as well as the fabrics for the internal roofs, floor carpets, and optional mats for all grades of the car.

As for the seat fabric, we held many discussions with the customer, aiming to offer a "metallic fabric" in line with the concept "multi-metal fabric sheet." As a result, the Lexus NX employed a woven fabric and circular motif

that expresses a sense of metallic luster by using several types of yarns. The car also adopted a tricot flat knit for the roof, a velour-like needle punch for the floor carpet, and a Wilton carpet for the optional mat available for the sports-grade models.

Following its release into the Japanese market, the Lexus NX will be gradually introduced to the markets of Europe, China, and North America in August and onward. Its interior, in pursuit of its sporty functionality and comfort, is expected to enjoy great popularity in various parts of the world.



[Sales representative's view]  
**Masahiro Kamisago**  
Third Sales Department  
Suminoe Teijin Techno Co., Ltd.

The development of the Lexus NX was started in order to match the BMW X3, the AUDI Q5 and other compact SUVs that have been popular in recent years.

The customer required us to develop a fabric-grade seat covering material that was suitable for the Lexus brand. We thus strived to develop a multi-stripe fabric that features a silky, lustrous surface and a delicate hue. Initially, we made a prototype of colorful stripe fabric using primary colors. In the course of development, however, we came to adopt the method of using a limited number of colors and weaving with several types of threads with different shines, in order to realize a textile with a deep nuance suitable for mature persons. After creating many prototypes, we were able to finally complete a seat covering material with an attractive luster. We will be very happy if those who purchase the Lexus NX feel pleased with our seat covering materials.



[Designer's view]  
**Michiko Hayashi**  
Design Department,  
Development Center  
Suminoe Teijin Techno Co., Ltd.

For the NX, the Lexus' first compact SUV and also a global model, we have developed a fabric that has a new sporty taste while maintaining the sense of luxury possessed by the conventional Lexus series. The fabric for the Lexus NX combines a metal-like, hard appearance and a velvety feel that gives a really upscale image.

Another feature of the fabric is its profound color. At first glance, you may feel that it is a single color, but when viewed at close range, you may see various colors lying one above another. We have designed this fabric, using warping that requires a high level of skill and special yarns featuring an elegant luster.

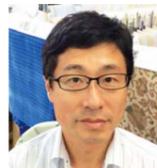
Delivery Track Records of Traffic Facilities

JR Kyushu Cruise Train "Nanatsuboshi (Seven Stars) in Kyushu"



The "Nanatsuboshi (Seven Stars) in Kyushu," a deluxe sleeping car excursion train created by Kyushu Railway Company (JR Kyushu), came into service in October 2013. The train's interior design was overseen by Mr. Eiji Mitooka, the managing director of the industrial design company, Don Design Associates, who has much experience in designing sightseeing trains operated by JR Kyushu. The interior design of the Cruise Train Seven Stars is highlighted by a fusion of Western and Japanese styles, and the old and the new, ensuring comfort of the highest grade in Japan. There is a bar in the lounge car, where passengers can sit in couches and chairs while enjoying live musical performances. The lounge car has also a large window for enjoying the scenery as it flows by. The dining car will offer passengers cuisine made from seasonal ingredients throughout the year. The

passenger cars of the Seven Stars in Kyushu also include special deluxe suites. Suminoe Textile delivered fabric, curtains, and carpets including *dantsu* hand-woven carpets and hooked rugs, for these cars. Since the train came into service, the Seven Stars in Kyushu has become highly popular. An influx of reservation requests have been submitted from many applicants, including repeaters, who have to go through competitive lotteries to be selected. Conventionally, railways have been required to carry passengers to their destinations as speedily as possible, on the premise of safe transportation. In the future, however, in addition to pursuing speed, it may become important for railway services to allow passenger to have a more comfortable and relaxing time in the train and enjoy the real pleasure of a journey before reaching their destination.



[Sales representative's view]  
**Yasushi Kuniba**  
 Fukuoka Sales Group Leader  
 Western Japan Traffic Sales Department

When I first heard the plan for the creation of the luxury sleeper "Seven Stars in Kyushu," I realized that we were required to deliver top-grade interior materials unlike anything we had experienced before. I felt quite a pressure since it was a challenging task that could not be accomplished without the concerted efforts of the entire Traffic Facilities Business Division. However, I can remember that I was also very excited to imagine what the completed train would be like. We then undertook the task, with the positive determination that we could satisfy the customer only if all the staff members worked together taking advantage of the expertise that the Company has developed thus far. Consequently, we are delighted to have been able to deliver excellent products for the Seven Stars.



[Customer's comment]  
**Mr. Seiichi Enoki**  
 Designer, Rolling Stock Division,  
 Transportation Department  
 Kyushu Railway Company

The luxury sleeper "Seven Stars in Kyushu," which can be called the culmination of JR Kyushu's carriage development efforts, was finally completed and is now in full operation. As the person in charge of the development of the train, I have been greatly relieved to receive positive responses from many passengers, who expressed their appreciation and satisfaction. At the same time, I ask myself if we were really able to offer our passengers "a journey to discover a new way of life" and if there is any other hospitality we could offer to better satisfy our customers. Going forward, we will redouble our efforts to ensure that the Seven Stars will continue to shine and to further improve its carriages.

Delivery Track Records of Functional Materials

Japan Airlines Co., Ltd.  
 Carpet for seats in Class J and Economy Class of JAL SKY NEXT aircraft on domestic routes



Under its action slogan "Welcome! New Sky," since May 2014 the Japan Airlines (JAL) Group has introduced "JAL SKY NEXT," revamped aircraft with updated cabin interiors on the domestic routes (for a total of 77 aircraft comprising Boeing 777s, Boeing 767s, and Boeing 737s) in line with the theme "Pioneering Standards." The new cabin interiors feature new seating made from high-quality genuine leather, LED lighting that allows the cabin atmosphere to be easily changed according to the flight hours and the season, and new carpets, which were proposed by Suminoe Textile. The carpet was designed to match the new seating and LED lighting. Its black base is accented with a mixture of shiny threads. We were able to embody the conceptual image, that is, multiple colors that appear depending on the viewing angle and the

contrast of light and shade. As for the carpet specifications, we made a new, different kind of proposal than we had made before, taking account of the balance of three elements: costs, durability, and light in weight. Our トリプルフレッシュ®(TRIPLE FRESH) deodorant and antibacterial treatments were adopted for the new carpet, as in the case of its predecessor, thereby contributing to the creation of a more conformable cabin atmosphere.



[Sales representative's view]  
**Sho Okazaki**  
 Tokyo Sales Department,  
 Functional Materials Business Division

The customer required something new and unprecedented. In response, I made a new proposal for a carpet quite different from our conventional ones, taking into account both the specifications and design. While satisfying the physical property requirements, we were not allowed to compromise in terms of the design. Under such tough conditions, engineering, design and sales personnel worked together to develop an optimum carpet by cut-and-try methods. As a result, we were able to receive a high evaluation from the customer. Based on this precious experience, I wish to work even harder to contribute to future product development.



[Customer's comment]  
**Mr. Yusuke Suezaki**  
 Director, Planning Group,  
 Product & Service Strategy Development  
 Marketing & Branding Division, Japan Airlines Co., Ltd.

In carrying out the renovation of domestic aircraft cabin interiors on an unprecedented scale, we coordinated the design and decor for the entire aircraft, carefully attentive to all areas—from the legroom to the ceiling. Since we considered the carpet a particularly important item in creating the atmosphere of the entire cabin interior, we repeatedly created prototypes to examine the concave-convex texture, the degree of accent color distribution, and how the pattern looks, before the carpet was completed. We are very pleased with Suminoe Textile's finished product, which meets the specifications required for aircraft, in addition to realizing an excellent design. The carpet is superb and of very high quality.

## Together with Our Employees

(Respect for Diversity, Human Resource Development, and Occupational Health and Safety)

The Suminoe Textile Group considers that human resources are the source of sustainable corporate growth, and that it is important to enable each and every employee to demonstrate their best performance and grow further. We place an emphasis on creating a working environment that ensures diverse human resources can work happily and actively, regardless of gender, age, and nationality.

### Respect for Diversity

In 2014 we held seminars for all female employees in the Suminoe Textile Group, aiming at creating a workplace environment where female employees can play active roles and increasing the ratio of woman managers. At these seminars, the female manager talked about their attitudes toward work, and the instructor invited from outside the Company imparted skills useful in the workplace. We will continue to hold these seminars in 2015 and later, adding improvements to the program.

Concerning the hiring of new graduates, the Suminoe Textile Group respects diversity and conducts fair and equitable recruitment activities. Of the new graduates employed by the five Group companies in Japan\*1 in the past three years, female graduates accounted for 33.9%. We also participated in seminars for international students, and actually hired foreign graduates in 2008, 2012, and 2013.

To make effective use of the knowledge and experience of those who retired at the mandatory retirement age of 60, in April 2013 we revised the re-employment system to ensure the continued employment up to age 65 of all post-retirement employees who wish to continue working (for nine Group companies in Japan\*2). In addition, we have established a re-employed personnel evaluation system in order to encourage their motivation to work (for seven Group companies in Japan\*3).

- \*1 New graduates were hired by: Suminoe Textile Co., Ltd., SUMINOE Co., Ltd., RUNON Co., Ltd., Suminoe Techno Co., Ltd., and Tango Textile Co., Ltd.
- \*2 Continued employment up to age 65 was enacted by: Suminoe Textile Co., Ltd., Suminoe Teijin Techno Co., Ltd., SUMINOE Co., Ltd., RUNON Co., Ltd., Suminoe Logistics Co., Ltd., Tango Textile Co., Ltd., Suminoe Works Co., Ltd., Sewing Hyogo Co., Ltd., and Suminoe Techno Co., Ltd.
- \*3 Re-employed personnel evaluation system was implemented by: Suminoe Textile Co., Ltd., Suminoe Teijin Techno Co., Ltd., SUMINOE Co., Ltd., Tango Textile Co., Ltd., Suminoe Works Co., Ltd., Sewing Hyogo Co., Ltd., and Suminoe Techno Co., Ltd.

### Human Resource Development (Training System and Training Track Records)

The Suminoe Textile Group companies in Japan jointly implement almost all training programs, not only to improve the knowledge and skills of employees, but also to develop the horizontal relationships beyond the boundaries of companies, thereby enhancing the strength of the entire Group. Our employee education curriculum comprises training by level, role training, and selective training. Taking training by level as an example, during the first three years after employment, employees are known as "young employees" and are required to take annual training sessions. After receiving training for new recruits, they undergo group training designed for the second- and then third-year employees. In 2014, the second-year employee training session was programmed to encourage trainees to reflect upon themselves and confirm the principles of how to proceed with their work, so as to improve their communication attitudes and skills to carry out their tasks in efficient steps. The third-year employee training session is designed to educate trainees about motivation management, encourage them to consider

what roles they are expected to play, and to envisage their future visions. The training sessions for the second- and third-year employees bring together employees who joined the Group companies in the same year, and thus provide them with a good opportunity for mutual awareness-raising, through which they can objectively review their own job performance and attitudes.



Training for second-year employees

#### [Impressions of the second-year employee training]

I was looking forward to participating in the second-year employee training this year, as I thought it was an occasion not only to learn about how to make further progress with my work, but also to learn more about other Group companies. At the training session, through various exercises, I learned that I should always be aware of the goal and objective of each job and ardently accomplish it. And many times during group exercises, I was required to express and share my opinions with other members. I realized that there were many different ways of thinking and of conveying ideas, which gave me a precious opportunity to reflect on myself. In addition, I was pleased to be able to deepen relationships with second-year employees of

other Group companies, with whom I seldom have contact in our usual routines, and received a positive stimulus from them. Based on what I have learned in this training, I wish to work harder, so that at the third-year training session I will be able to discuss the results of our efforts during the next year, together with those who started to work in the same year in other Suminoe Group companies.



**Hiromi Yano**  
(Joined the Company in 2013)  
Corporate Planning Department  
Suminoe Textile Co., Ltd.

### Human Resource Development (Response to Globalization)

As part of human resource development in Japan, we have prospective employees take TOEIC tests after receiving informal job offers, and recommend them to take a correspondence course in English before joining the Company. During the training session for new recruits, they take a TOEIC test again and receive English lessons taught by native speakers. We also offer 13 correspondence courses in foreign

languages and three courses in global skills as important educational tools for all employees, who are encouraged to take these courses. In doing so, we help employees improve their language abilities and global skills. As for overseas employees, every year we accept several trainees from Suzhou Suminoe Textiles Co., Ltd., an overseas Group company, to pass on our basic manufacturing techniques to them.

### Human Resource Development (Business Management Course)

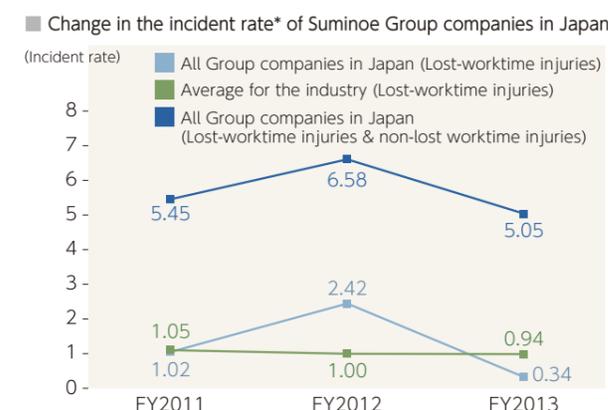
We held a business management course of six sessions starting from January 2014, for the next-generation executive candidates who will drive the future growth of the Suminoe Textile Group. The objective of the course is to develop human resources who can contribute to the further development of our business and global expansion. With management members serving as lecturers, sessions were held on various themes, such as "Present Situations and Future Challenges of Each Business Headquarter."



Lecture in the business management course

### Occupational Health and Safety (Safety Activities)

All the Suminoe Textile Group companies in Japan work on safety activities. Specifically, the Health and Safety Committee of each factory holds meetings to review cases of occupational accidents, investigate their causes, and develop recurrence prevention measures. Respective factories conduct safety patrols and share "Hiyari-Hatto," or near-miss reports, to help prevent occupational accidents. When such an accident occurs, the Personnel Department delivers an occupational accident occurrence report to all factories and offices to share the information. In fiscal year 2013, the incident rate that indicates the frequency of occupational accidents was greatly improved from 6.58 in fiscal year 2012 to 5.05 as for the total frequency rate, and from 2.42 to 0.34 as for the rate of lost-worktime injuries. For the next fiscal term and later, we set "1.0 or lower" as the target for the rate of lost-worktime injuries. Aiming at ultimately reducing the number of occupational accidents and lost-worktime injuries to zero, we will work on safety activities across the Group.



\*Incident rate: Accident frequency, measured as the number of deaths and injuries caused by industrial accidents per million working hours  
Source: 2013 Workplace Accident Trend Survey, Ministry of Health, Labor and Welfare Taken from general results [of the business establishment survey (with 100 or more people) and the general construction industry survey]

### Occupational Health and Safety (Mental Health)

Since 2011, we have held mental health line care training program for managers of the Suminoe Textile Group companies. Over the past three years, a total of 153 managers have participated. At the training program, trainees learned primarily about the significance of mental health care, basic knowledge of mental health, prevention of sexual harassment and power harassment, and how to take care of employees with mental disorders. To promote self-care, some offices/factories conducted stress checks of employees, in advance of the revision of the Industrial Safety and Health Act. In the future, we will conduct stress checks of employees at all offices/factories of Suminoe Textile and its Group companies. We have also introduced the Suminoe Textile Group Health Consultation Hotline, in cooperation with specialized institutions. The Hotline is a support system that offers counseling services not only on mental health but also physical health and medical care, and provides second opinion services. This support system is available for employees and their families as well, and fully protects their privacy.

#### Use of Health Consultation Hotline (Suminoe Textile Group)

	2010	2011	2012	2013
Health consultation service	46	79	53	47
Mental counseling	6	18	10	0
Second opinion/medical referral service	3	3	8	25
Health consultation service by e-mail	0	0	3	0
Sexual/power harassment consultation	4	8	1	4
Personnel/labor affairs hotline	1	1	4	0
Legal consultation	0	2	4	4
<b>Total</b>	<b>60</b>	<b>111</b>	<b>83</b>	<b>80</b>

## Together with Our Suppliers

We have established the Suminoe Textile Group Code of Corporate Behavior to be followed in conducting business activities. The Code of Corporate Behavior stipulates that Group companies should work to maintain and promote fair and free competition and abide by the law that prohibits acts requiring unfair trading of suppliers in purchasing activities, exploiting our advantageous position. In fiscal 2013, we carried out business activities, with a particular emphasis on compliance with the Subcontract Act.

### Fair Trade (Activities Relating to Compliance with the Subcontract Act)

We consider that long-term relationships of trust between the Suminoe Textile Group and its suppliers is of extreme importance, in order to realize our management concept "we contribute to the improvement of society through the production and sales of good products, and a prosperous business." To further deepen the relationship of trust, we have promoted the confirmation of whether appropriate business relationships are established or not, particularly regarding the Subcontract Act.

To begin with, in 2012 we started to survey the state of basic contract signing, and promoted conclusion of contracts especially with suppliers, who are almost equivalent to subcontracting companies. Subsequently, the CSR Promotion Department played a central role in confirming the status

of subcontracting transactions based on the Subcontract Act checklist, together with the relevant sections in charge of purchasing. In fiscal 2013, we continued activities to raise employees' awareness about the Subcontract Act. For example, the CSR Promotion Department conducted a hearing survey to check the state of subcontracting transactions, the Internal Auditing Department carried out audits regarding the Subcontract Act, and Subcontract Act Q & A were posted on the in-house intranet.

Henceforth, the Internal Auditing Department will hold periodic audits concerning the Subcontract Act, as part of our efforts to maintain even deeper relationships with our suppliers.

## Risk Management

The management of Suminoe Textile Group operates with a focus on risk management. In 2013, our activities placed an emphasis on overseas subsidiaries' risk management, business continuity plans (BCPs), intellectual property rights, and information security.

### Progress in Preparation of Business Continuity Plans (BCPs)

Over many years now, the offices and factories of the Suminoe Textile Group have continued to implement daily measures to promote disaster preparedness, as well as health and safety. Since the Great East Japan Earthquake, we have further intensified these efforts and developed business continuity plans (BCPs) to ensure that our important businesses can be continued even in the event of a large-scale disaster.

Offices and factories of the Suminoe Group vary in scale and the type of business in which they are engaged, and are at greatly different levels of infrastructure development. It is therefore difficult to prepare BCPs across-the-board. For this reason, we set up and implemented a step-by-step plan to

develop BCPs first for the Head Office and key offices/factories in Japan, and then for other establishments in stages.

In fiscal 2014, we reviewed and improved the BCP creation procedures carried out at the Head Office in fiscal 2013. At the same time, a working group was organized to confirm the initial response to be taken when a large-scale disaster occurs and disseminate this to all employees, and also to develop BCPs for major factories/offices. Further, we are working to build up the foundations for continuous implementation of the periodic review, as part of our efforts for business continuity management (BCM).

### Intellectual Property Management Efforts

The Intellectual Property Department of Suminoe Textile Co., Ltd. Technical Center leads our activities to promote employees' understanding of intellectual property rights, by publishing the Intellectual Property News through the in-house intranet and by providing training on intellectual property-related issues at technical meetings.

In fiscal 2013, a total of six issues of the Intellectual Property News were published, carrying articles concerning the categories of patents possessed by our Company and intellectual property-related Q&A, etc. As part of technical meetings, intellectual property training was held twice in fiscal 2013. At the training, relevant patent

information from the patent gazette and the unexamined patent publication bulletin was provided to trainees, who also took lessons on intellectual property rights.

These activities were intended not only to introduce patent information concerning employees' ongoing jobs, but also to teach new topics and important points about the basics of intellectual property. We believe that these activities helped employees deepen understanding on intellectual property rights. To facilitate an even deeper understanding, we will continue our efforts to keep employees updated about all aspects of intellectual property rights.

### Activities to Promote Information Security (Protection of Personal Information)

Recognizing the importance of personal information, the Suminoe Textile Group takes action to reduce related risks. In fiscal year 2013, we continued work to ensure that personal information was managed in a strict manner. The CSR Promotion Department of Suminoe Textile Co., Ltd., took the lead in our efforts for customer personal information management, and the Personnel Department of Suminoe Textile Co., Ltd. did the same for employee personal information management.

To be more specific, we re-examined the personal data records and created a management manual. Respective department managers distributed the management manual to all department members and explained its

use. Inspections were conducted to check that appropriate measures were being taken, including storage of the records under lock and key, as well as the use of passwords and security locks. In addition, the Internal Auditing Department started to monitor the status of personal information management. In fiscal year 2013, the management status of seven divisions were audited. For divisions needing improvement, the Internal Auditing Department provided guidance and later confirmed that any problems had been corrected.

We are planning to regularly check the management status of personal information.

### Risk Management at Overseas Subsidiaries

To minimize risks, which are becoming increasingly globalized and diversified with the expansion of our industrial materials business, the Suminoe Textile Group works to better understand how overseas subsidiaries conduct risk management. Our major overseas factories have already introduced the ISO/TS16949 Quality Management System as the main pillar for business continuity. We have also established a

company-wide internal control system in accordance with the Financial Instruments and Exchange Act of Japan (J-SOX). As our third pillar, we are going to newly set up risk management systems designed to match the circumstances of each region.

Recently we have undertaken the establishment of a risk management system for SPM Automotive Textile Co., Ltd. as a model case. SPM is engaged in the production and sales of automotive interior materials in China.

To establish the system, we established a Risk Management (RM) Promotion Department and an RM committee, and formulated risk management regulations in line with the ISO 31000 international standard. At the same time, we have created a mechanism, under which, following risk assessment (risk identification, analysis, and evaluation), a promotion plan management table is created, and a progress report is submitted through the Board of Directors, after monthly meetings of the RM Committee. Under the leadership of Mr. Xuan Hao, manager of the RM Promotion Department, SPM is now in the process of establishing its own risk management system. In the future the system will be applied to other overseas factories.



Meeting of the Risk Management Committee



Evacuation drill



Fire extinguisher drill

This fiscal year, we are working on risk management under the theme of "fire management," in cooperation with site staff members and partners. To ensure the appropriate storage of important data, we have introduced a new network drive device. Various measures are also being taken to address other challenges. Although many difficulties confront us, when we overcome them we can feel a great sense of accomplishment. We continue to strive for risk reduction to ensure the business continuity of our company.



**Xuan Hao**  
Manager, Risk Management  
Promotion Department  
SPM Automotive Textile Co., Ltd.

# Under the Slogan of **KKR+A**

Kenko (Health) Kankyo (Environment) Recycle Amenity

We, the Suminoe Textile Group, are continuing to work on environmental conservation activities such as interior environment improvement and utilization of recyclable materials as well as decreasing our impact on the environment with our fundamental philosophy of "K- Kenko(Health)", "K- Kankyo(Environment)", "R- Recycle" and "A- Amenity: Comfort".

## Fundamental Environmental Philosophy

Recently deterioration of global environment has rapidly progressing. It is a mission in common among human beings who live on earth to make efforts to preserve and improve global environment and hand the beautiful earth to our descendants. Suminoe Textile Co., Ltd. well recognized this fact, will make a comfortable and rich society with a cooperation of all the employees positively tackling with environmental preservation activity.

## Suminoe Textile Group "SUMINOE Environmental Declaration"

In 2009, the Suminoe Textile Group reviewed its Environmental Declaration, originally released in 1998, and created a revised declaration comprising seven specific declarations on which we are basing our environmental actions.

### Declaration 1 We shall contribute to the improvement of interior environments and realize comfortable spaces.

Our TRIPLE FRESH deodorant treatment is applied to carpets, curtains, wallpaper and automobile interior fabrics to deodorize unpleasant smells, such as cigarettes, pets, household odors, and Formaldehyde, which is believed to be behind sick building syndrome, by absorbing and dissolving the elements causing bad smells. Other efforts being made by us to create a comfortable and care-free living space include an anti-allergen treatment called ALLER-BLOCK, aimed at suppressing allergen activity, and a skin-care beauty treatment.

### Declaration 4 We shall use safe/secure materials and always consider health and the environment.

We will provide products that have passed safety rules and regulations, while refraining from supplying products that contain volatile organic compounds (VOC), believed to cause sick building syndrome, or heavy metals, which require special attention in disposal. Instead, we will actively use natural fabric materials such as wool, hemp, and cotton. In addition, we will make consumer-friendly products, such as flooring mats using Olefin film, which is known to emit a minimal amount of toxic gas during burning.

### Declaration 2 We shall respond to the recycling society and positively adopt recycled materials.

We are actively using recycled materials as part of our efforts to promote environmental conservation and the efficient use of natural resources. Specific products launched by us for that purpose include SUMITRON polyester yarn, which is made from recycled PET bottles, a recycling system for carpet tiles in which used tiles are recollected and recycled into new products, the SUMICUBE seat cushion material for railway cars, and the SE Light N simplified raised floor material, made from PP resin, recycled from beer cases.

### Declaration 5 We shall work on resource and energy conservation from manufacturing to the finished product.

We will promote the effective use of resources by reducing losses of primary materials, auxiliary materials, water and energy occurring in production. We will also strive to increase the efficiency of transportation, resources utilization, and waste disposal by constantly updating energy-saving facilities, improving product quality, reducing the weight of products, and simplifying packaging. By taking these measures, we will ensure the saving of resources and energy conservation.

### Declaration 3 We shall provide products that enable the reduction of CO<sub>2</sub> and decrease our impact on the environment.

To play a part in curbing global warming and building a low-carbon society, we will develop and provide low-carbon products based on the Life Cycle Assessment (LCA) method. LCA is intended to comprehensively and quantitatively evaluate the impact of manufacturing activities on the environment while taking into consideration the entire cycle of products—materials, manufacturing, transportation, use, and disposal.

### Declaration 6 We shall promote the appropriate management of environmentally hazardous substances based on the latest information.

Tougher controls have been in place both in Japan and abroad on the use in products of specified chemical substances. In response to such moves, we will assess all our products and check whether such substances have been used, while establishing a system to adequately control the materials used in our products, based on the Supply Chain Management (SCM) concept. Furthermore, we will keep ourselves abreast of the latest information on product safety.

### Declaration 7 We shall present and provide products that are conscious of the environment.

Our environmental consideration in manufacturing will be given not only to external product appearance and functions but also to other factors, such as minimizing resources and energy consumption in the process of production, making product recycling easier, manufacturing longer-life products and optimizing waste disposal. We will propose and deliver products based on such an "eco-design concept."

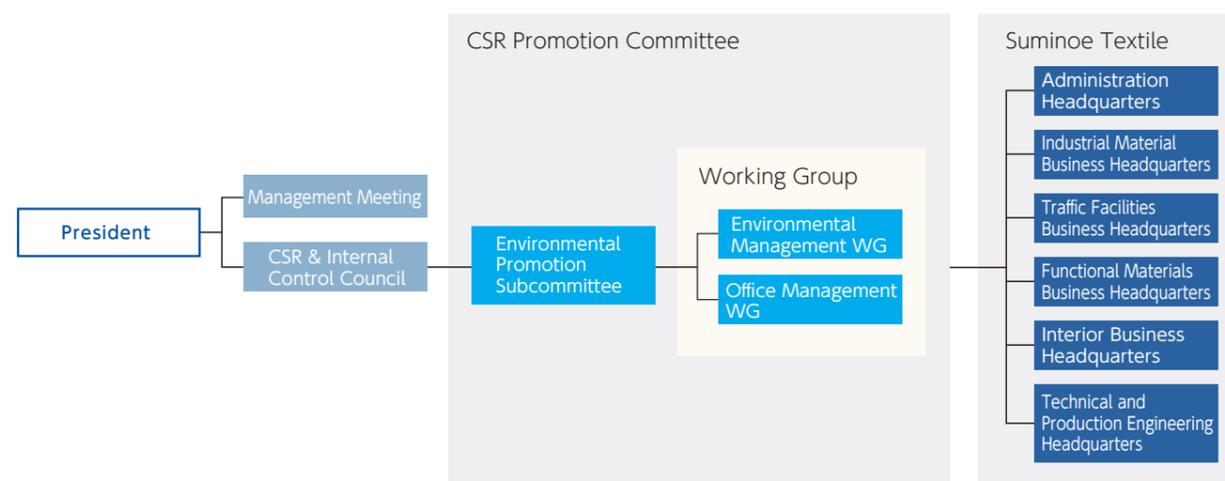
## Guideline on Activity

In carrying out environmental conservation activities

- 1 We will positively promote energy-saving, resource-saving, recycling with a consideration not to contaminate environment in all of our business activities.
- 2 We will try to preserve environment through products' life cycle from production, sales to disposal by developing environment-friendly technology and products.
  - ① Development of technology for energy-saving and resource-saving
  - ② Development of recycling technology and recycling system
  - ③ Development of products and technology to replace materials which would put less load on environment and have more safety.
  - ④ Development of product which could improve environment and contribute to health and comfort.
- 3 We will try to live together with community through close communication and all employees will start action from whatever one can do.
- 4 We will try to maintain internal system to promote environmental protection and enhance environmental consciousness of all employees.

## Environmental Protection Promotion System

Measures drawn up and finalized through the in-house environmental protection system will be implemented in all divisions and departments throughout the Company.



## Introduction of environmental management system

The Nara Factory obtained ISO14001 certification in fiscal 2000, making it the first among the Group to be awarded certification on environmental management. To date, five factories have obtained ISO14001: 2004 certification, and one factory Eco Action 21 certification.

	ISO14001			Eco Action 21
	Nara Factory, Shiga Factory	Teijin Teclath Ltd.	Owari Seisen Co.: Head Office Factory, Ishikawa Factory	Tango Textile Co.
Screening and registration agency	Japanese Standards Association	Japan Quality Assurance Organization	Japan Quality Assurance Organization	Institute for Promoting Sustainable Societies
Registration number	JSAE 235	JQA-EM1519	JQA-EM3114	0009522
Registration date	May 2000	April 2001	March 2003	July 2013
Registration renewal	4th renewal completed (May 2012)	4th renewal completed (April 2013)	4th renewal completed (September 2014)	—

# Third Mid-Term Activity Goals

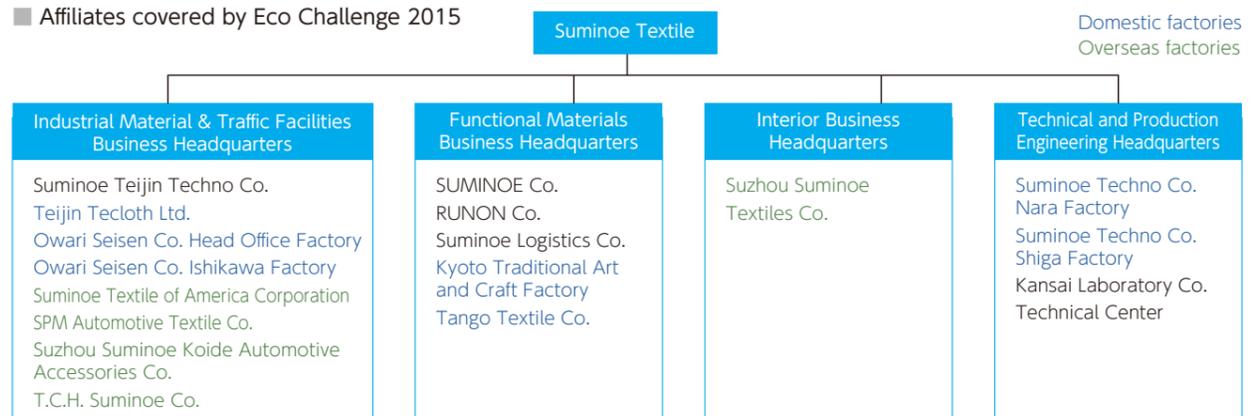
## Environmental commitment

Business activities undertaken by the Suminoe Textile Group and the environment are significantly connected. The Group is thus giving environmental consideration to the entire life cycle of products—development, product design, material procurement, production, sales, distribution, consumption, and disposal. We are working on assessing and reducing the impact on the environment from our activities while taking into consideration the entire life cycle of our products. One example of our focused environmental commitment in manufacturing is promoting the use of materials recycled from used carpet tiles and PET bottles.

## Eco Challenge 2015 (Third Mid-Term Activity Goals)

Eco Challenge 2015 (Third Mid-Term Activity Goals), adopted in 2011, is a set of goals on environmental protection committed to not only by domestic factories but also by overseas factories and major sales offices of the Suminoe Textile Group.

### Affiliates covered by Eco Challenge 2015



Only domestic factories are subject to meeting numerical targets regarding the use of recycled materials (recycled material rate), the amount of industrial waste generated (rate of industrial waste disposed at final disposal sites) and chemical substances reported under the PRTR system. Overseas factories started by monitoring the amount of energy consumption (heat equivalent GJ) and water consumption.

Period: Fiscal 2011–2015 (five-year plan; data collection lasting between June 2011 and May 2016)  
 Basic unit: Consolidated sales used as a denominator for calculation  
 Conversion coefficient: The amount of CO<sub>2</sub> emissions is calculated based on a conversion coefficient set in accordance with the law to promote measures against global warming. The amount of NO<sub>x</sub> emissions is calculated based on a conversion coefficient used in the 2002 edition of Eco Action 21. The amount of CO<sub>2</sub> emissions at overseas factories is calculated based on a conversion coefficient set for each country in the 2007 GHG protocol.

○:Attained △:Not attained at some factories ×:Not attained

No	Issue	Work areas	Final numerical targets	Base year	Numerical targets for 2013	2013 results	Evaluation	
1	Reduction of environmental impact from business activities	Prevention of global warming	Energy use measured in calorific value	5% reduction (Basic unit)	2010	-3%	-10.3%	○
		Resources conservation	Reduction of water consumption	5% reduction (Basic unit)	2010	-3%	-24.6%	○
			Increased utilization rate of recycled material	5% improvement	2010	3%	5.5%	○
		3Rs regarding waste material	Reduction of industrial waste	5% reduction (Basic unit)	2010	-3%	-12.7%	○
			Increase of recycled material utilization rate	65% or more	-	65% or more	70.0%	○
			Reduction of waste disposal rate via land reclamation	10% or less	-	10% or less	10.5%	△
Prevention of atmospheric pollution	Reduction of air pollution (NO <sub>x</sub> emissions)	5% reduction (Basic unit)	2010	-3%	-24.8%	○		
	Reduction of emissions reported under PRTR system	5% reduction (Basic unit)	2010	-3%	-41.4%	○		
2	Reduction of environmental load throughout the entire life cycle of products	Promotion of green activities	Improvement of green stationery procurement rate	95% or more	-	95% or more	93.5%	△
		Promotion of LCA assessment for products	Reduction of fuel consumed by company-owned vehicles	7% (Basic unit)	2010	-6%	-27.9%	○
			Reduction of paper consumed by photocopying	5% (Total amount)	2010	-3%	22.8%	×
3	Promotion of biodiversity preservation activities	Promotion of LCA assessment for products	30 items under LCA assessment	-	6 items	8 items	○	
		Promotion of development of environment-friendly technologies	5 cases	-	1 case	1 case	○	
		Promotion of development of environment-friendly products	15 cases	-	3 cases	3 cases	○	
4	Improvement of communication on environmental issues	Promotion of biodiversity preservation in business activities	-	-	-	-	-	
5	Promotion of global environmental management	Promotion of social contribution activities	-	-	-	-	-	
5	Promotion of global environmental management	Grasping of situation on environmental impact at overseas factories and reduction of such impact	-	-	-	-	-	

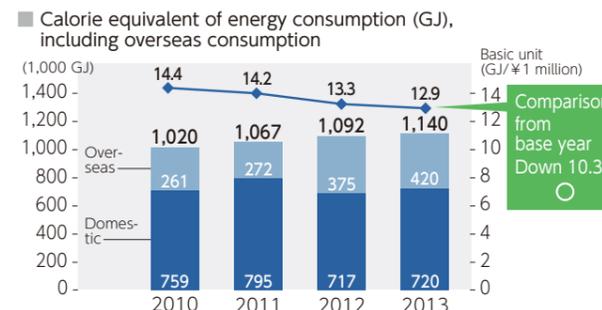
# Reduction of Environmental Load (fiscal 2013 results)

Eco Challenge 2015 was compiled based on fiscal 2010 data. The amount of CO<sub>2</sub> emissions increased substantially in fiscal 2013 due to a surge in the CO<sub>2</sub> emission coefficient per kWh at power companies. However, the calorie equivalent of energy consumption decreased in terms of basic units.

## Prevention of global warming

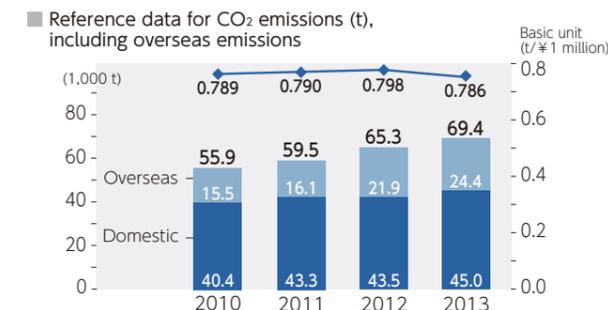
### Calorie equivalent of energy consumption

We are promoting energy saving by reducing the calorie equivalent of our consumption. Conversion of energy consumption into calories will help us monitor the situation on our energy-saving activities. Energy consumption at overseas factories has been increasing in recent years, accounting for a marked 37 percent of the total energy consumption by the Group.



### Reduction of CO<sub>2</sub> emissions (reference data)

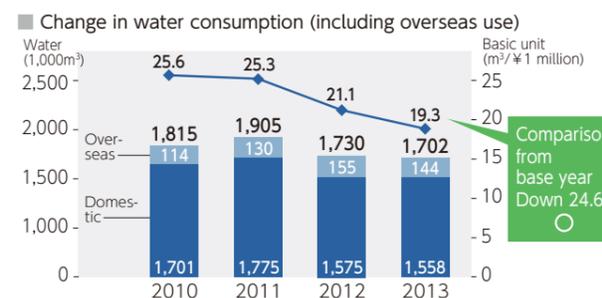
The amount of CO<sub>2</sub> emissions increased due to a significant rise in the CO<sub>2</sub> emission coefficient per kWh at power companies, although the calorie equivalent of energy consumption remained unchanged in terms of basic units.



## Resources conservation

### Reduction of water consumption

We are promoting the cyclical use of cooling water. The amount of water consumption has been decreasing due to a reduction in water uses in the dyeing process.



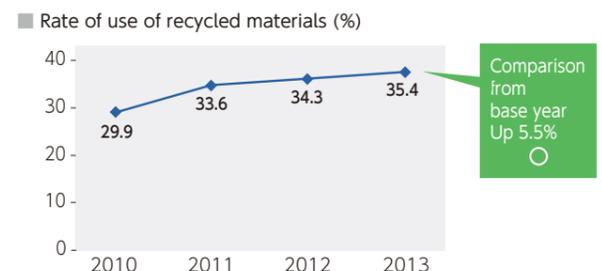
### Efforts to reduce industrial waste and promote waste recycling

We are promoting the effective use of resources and making efforts to reduce industrial waste by minimizing materials that are never used as a part of our products and by not manufacturing products that do not pass quality standards. We have also developed—either on our own or jointly with other companies—a technology and a system to recycle waste material so that the amount of such material sent to reclaimed land sites for final disposal will be reduced. Thanks to such recycling efforts, so-called "zero emissions" have been attained at Tango Textile Co., Owari Seisen Co., and the Shiga Factory of Suminoe Techno Co. In fiscal 2011, the amount of waste material generated at our Group increased due to a temporary suspension in the recycling of carpet tiles. However, such recycling has now resumed, contributing to reducing both the amount of waste material generated and the rate of waste material buried on reclaimed land for final disposal to the fiscal 2010 levels.

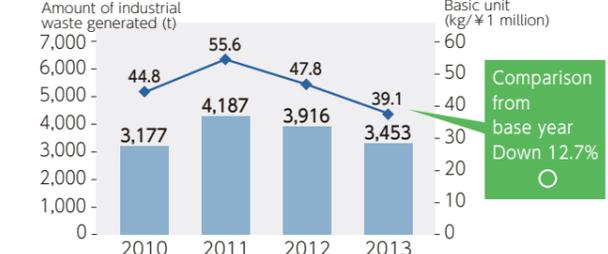
\*"Zero emissions" are defined by our Company as the rate of waste material sent to final disposal sites being below 2 percent of the total waste material generated. The rate of waste material buried at final disposal sites = the amount of waste material dumped on reclaimed land for final disposal ÷ the amount of total industrial waste generated

### Increased utilization rate of recycled material

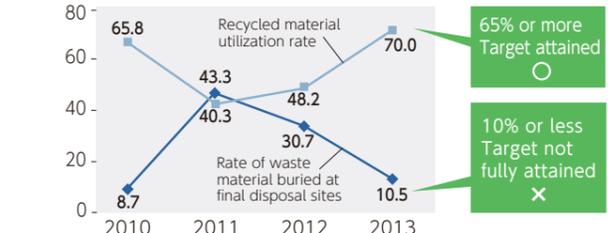
We are actively using recycled materials for product manufacturing as part of our efforts to promote conservation of resources. Recycled short-fiber polyester, for example, is used in needle punched carpets; polyester chips recycled from PET bottles are reused in SUMITRON yarns; polyvinyl chloride powder recycled from used carpet tiles are used in ECOS carpet tiles; recycled long-fiber polyester is used in eco moquette.



### Change in industrial waste generated



### Changes of recycled material utilization rate and rate of waste material buried at final disposal sites (%)

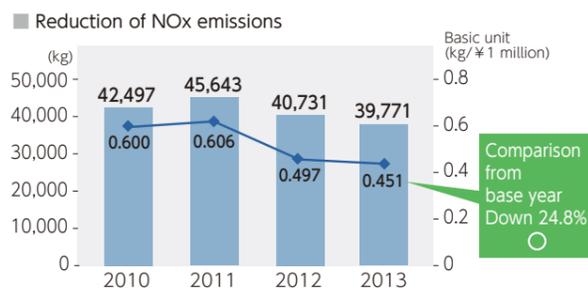


## Reduction of Environmental Load (fiscal 2013 results)

### Prevention of atmospheric pollution

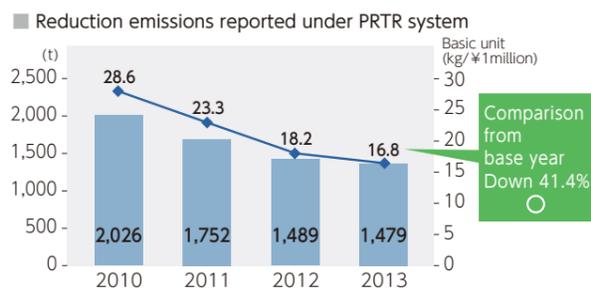
#### Reduction of air pollution (NOx emissions)

Substances that may become air pollutants include NOx, SOx, and other fine particles. NOx is used here as an example to explain the situation of air pollution. The amount of NOx emissions is calculated based on the emission coefficient used in the 2002 edition of Eco Action 21 for facilities where no emission-cutting measures were taken.



#### Reduction of emissions reported under PRTR system

The use of hexabromocyclododecane (HBCD), a brominated flame retardant, is banned following its designation as a Type-I chemical substance regarded as harmful to health. Atmospheric emissions of deca-brominated diphenyl ether (DBDE) and perfluorooctanoic acid (PFOA), used as a fluorosurfactant, are being replaced by nontoxic alternatives, as their use is likely to be banned in the future.



### Promotion of green activities

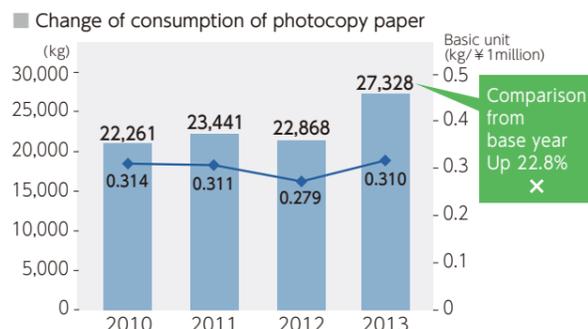
#### Improvement of green stationary procurement rate

We are stepping up purchases of environment-friendly office equipment and devices to reduce their impact on the environment across the entire life cycle of such products, from collection of materials to disposal. In fiscal 2011, we started promoting buying of green equipment, not only at factories but also at offices not related to manufacturing. Since then, the rate of green equipment purchasing has decreased, prompting the entire Suminoe Textile Group to step up efforts to increase this rate.



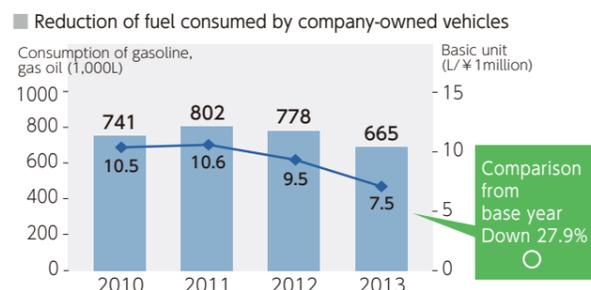
#### Reduction of paper consumed by photocopying

We are making efforts to reduce the use of photocopy paper by promoting the use of bulletin boards and the reverse side of used paper. However, consumption of photocopy paper has been increasing due to brisk management activities.



#### Reduction of fuel consumed by company-owned vehicles

We are striving to reduce fuel consumption by company-owned cars by promoting eco driving. We have also adopted a policy of switching to fuel-efficient vehicles such as hybrid cars.



#### Promotion of LCA assessment for products (6 items targeted)

In cooperation with Mizuho Information & Research Institute Inc., we are conducting LCA assessments for products made by our Company and other companies on a consignment basis. The number of items targeted under the LCA assessment is six per year. In July 2011, we started selling the "closed-loop recycling" ECOS series of carpet tiles (10 marks, 186 items). In July 2014, we also began to sell the ECOS LX-1700 Surf carpet tiles (8 items) and disclosed LCA data. At present, the number of the ECOS series stands at 297 items under 29 marks.

#### Promotion of development of environment-friendly technologies (One goal set)

Technologies developed for the current fiscal year are listed below.  
 1. International standardization of deodorizing functions using technology to assess a combination of odors  
 Based on the technology mentioned above, Kitchen Add-On Filter—filters to be attached to household air-purifying equipment—have been developed as a commercial product.

#### Promotion of development of environment-friendly products (3 goals set)

Products developed for the current fiscal year are listed below.  
 1. Hot & Cool carpets, which help us feel cool in summer and warm in winter  
 2. Silicon wafers used for solar cells  
 3. Material for lightweight, sound-absorbing automobile exterior

## Environmental Activity Aimed at Preserving Biodiversity/ Environmental Accounting

### Environmental activity aimed at preserving biodiversity

#### Environmental policy in business activities for preservation of biodiversity

- Reduction of impact on biodiversity from business activities
  - Monitoring the situation on biodiversity around factories and their vicinity
  - Using locally-grown native species, not nonnative species, for tree planting
  - Periodically cleaning areas near factories and improving environmental conditions there by weeding out grass
  - Checking sustainability when biological resources are used as product material
  - Promoting development of products with recycled material and building a recycling system to manufacture such products
  - Incorporating activity for biodiversity preservation into an environmental management system
  - Studying new measures that are possible at each factory for preservation of biodiversity
- Activities by clients and other supply-chain members to reduce the impact on biodiversity
  - Seeking cooperation from clients regarding observance of green purchase guidelines as part of efforts to preserve biodiversity
- Social contribution activity
  - Supporting groups engaging in forestry preservation activities
  - Supporting green charity activities

#### Activity by Suminoe Textile Group to protect biodiversity

Factories run by the Suminoe Textile Group have been undertaking various unique activities since fiscal 2013 to protect biodiversity based on the environmental protection guidelines the Company adopted in fiscal 2011. The Nara factory of Suminoe Techno Co. has taken part in activities to build a promenade along the Okazaki River south of the factory by improving a cherry tree-lined road. Thanks to such efforts, the songs of the wild birds have been increasingly heard in the area. The Shiga Factory of Suminoe Techno Co. has been working on propagating the "Sasayuri" lily, the flower of the local City, Koka. The factory has been locally buying not only Sasayuri bulbs but also seeds. Sprouting takes two years and flowering six to seven years. Through this lily planting activity, the factory expects many flowers to come into bloom on its site in the future. The factory at the head office of Owari Seisen Co. has become a supporting member for a project to revive fireflies in water areas near the factory.



"Sasayuri" lily coming into bloom in June at the Shiga Factory of Suminoe Techno Co.

### Environmental accounting

#### Calculation method

Suminoe Textile's environmental accounting is based on the 2005 edition of the environmental accounting guidelines compiled by the Environment Ministry. Our environmental protection cost is calculated in line with in-house standards set under the Environmental Ministry guidelines.

- Covered by our environmental accounting are the head office of Suminoe Textile and its domestic factories.
- The amount of investment listed below is for fiscal 2012 and fiscal 2013.
- Figures listed as depreciation cost are those used under the financial accounting.
- Figures listed as investment amount and expense, including those other than for environmental protection, were obtained through division using standard figures.
- Figures listed as research and development costs reflect specific development projects and themes.
- Figures listed as economic effects reflect only environmental protection steps expected to produce real effects.

#### Changes of environmental protection cost (Unit: ¥1,000)

Category	Investment amount		Expenses		Main protection measures taken in fiscal 2013
	Fiscal 2012	Fiscal 2013	Fiscal 2012	Fiscal 2013	
Cost for actual protection steps					
Pollution prevention cost	0	36,996	28,170	36,175	Pollution prevention (incinerator, waste water treatment), PCB storage
Earth environment protection cost	187,515	0	22,612	31,203	Use of diesel motors and others
Resource recycling cost	460	0	78,942	56,676	Processing of waste material
Subtotal	187,975	36,996	129,724	124,054	
Upstream and downstream costs	0	0	7,583	6,552	Recycling of package and wrapping paper, green purchasing
Cost for management-related activities	613	9,282	19,401	18,058	Maintenance and screening of EMS, monitoring of environmental load, compilation of environmental reports
Research and development costs	3,518	4,132	203,662	223,057	Technological development via industry-academia collaboration (e.g. NEDO)
Social activity cost	0	0	260	297	Sponsoring of activities by various environmental groups
Cost for dealing with environmental damage	0	0	613	264	Purification of soil
Total	192,106	50,410	361,243	372,282	

#### Environmental protection effects

Category of environmental protection effects	Environmental performance index (unit)	Fiscal 2012	Fiscal 2013	Increase and decrease
Environmental protection effects regarding resources used for business activities	Total energy input (GJ)	717,200	719,776	2,576
	Amount of water resource input (1,000 m <sup>3</sup> )	1,575	1,558	-17
Environmental protection effects regarding environmental load and waste material resulting from business activities	CO <sub>2</sub> emission amount (t)	43,455	45,011	1,556
	Amount of industrial waste generated (t)	3,916	3,453	-463
	Amount of industrial waste recycled into material for reuse (t)	1,887	2,416	529
Environmental protection effects regarding goods and services produced as a result of business activities	Amount of package and wrapping paper whose recycling into new products is applied (t)	3.6	3.3	-0.3

#### Economic effects expected to result from environmental protection measures (Unit: ¥1,000)

Content of effects	Fiscal 2012	Fiscal 2013	Increase and decrease
Cost cutting			
Energy cost	1,027,377	1,063,605	36,228
Cost for waste disposal	57,900	34,333	-23,567
Water consumption cost	64,125	59,304	-4,821
Revenue			
Revenue from sale of valuables through recycling	2,243	2,769	526

## Social Contribution Activities

The Suminoe Textile Group is committed to a range of social contribution activities, including contributions by each office and factory to their local communities.

### Cleanups Outside the Factory Premises (Nara Factory of Suminoe Techno Co., Ltd.)

Suminoe Techno conducts cleanups off its Nara Factory's premises four times a year, to promote beautification of the areas around the factory. The Ando Ouyu-Kai (Ando Association for Growing Cherry Trees along the Okazaki River), mainly consisting of neighborhood residents, takes care of the numerous cherry trees lining the banks of the Okazaki River, which runs on the south of the Nara Factory. These cherry trees decorate and enliven the promenade. We actively cooperate in improving the environment around the factory.

The Nara Factory has also organized a team dedicated

to environmental preservation and enhancement. The team conducts bimonthly environmental patrols, thereby contributing to the preservation of the natural environment that surround us.



### Acceptance of Students for Internship

From August 18 to 29, 2014, Suminoe Textile Co., Ltd. accepted a total of five students for internship, one each from Kansai University, Kwansei Gakuin University, Kyoto Sangyo University, Kinki University, and Ryukoku University. During the internship period, these students toured the Nara Factory. They were also engaged in work related to the general meeting of shareholders, as well as in sales activities at Suminoe Textile's departments dealing with industrial materials business, traffic facilities business and functional materials business, and at various divisions of SUMINOE Co., Ltd. In addition, these interns experienced our recruitment service. They created a poster to publicize Suminoe Textile to other students, based on what they had learned through the internship. This task was intended to let interns realize the difficulty and pleasure of working together as a team

to produce one product. On the last day, these students compiled their ideas into a poster and PowerPoint data, which they presented to Suminoe Textile employees. The concept of their presentation was "One Step Can't Stop" which expressed the Company's corporate culture and global expansion. We thought that these students well captured the characteristics of each department. We are planning to use this poster at our Company information sessions to be held in the future.

Besides the internship stated above, SUMINOE Co., Ltd. accepted one intern each from Osaka University of Arts, Kanazawa College of Art, and Bunka Gakuen University.



### Support for Activities of the Osaka Green Trust

The Osaka Green Trust is a non-profit organization founded in 1989 with the aims of preserving the precious natural environment and *satoyama* (natural woodland that coexists with a nearby populated area) in Osaka Prefecture, and of promoting tree planting in local communities.

Under the slogan, "Let's Create a Green Future by Ourselves," the Osaka Green Trust implements a variety of activities. Among them are: the promotion of a National Trust campaign to protect nature conservation areas and precious natural sites of Osaka Prefecture, including Mt. Izumi

Katsuragi Beech Forest and Mt. Mikusa Zephyrus Coppice; *satoyama* preservation; and green-fund raising. Suminoe Textile Co., Ltd. became a corporate member of the Trust in 2008. Since then, the Company has actively supported green-fund raising and employees' participation in nature observation tours and volunteer activities for forest preservation.



### Social Contribution Activities by Suminoe Textile of America Corporation (STA)

Suminoe Textile of America Corporation (STA), located in South Carolina, the United States, was established in April 2003. STA supplies automotive seat fabrics, carpets, and mats.

In July 2014, STA held its first charity golf tournament to raise donations for the Ronald McDonald Camp (a one-week camp program which provides the opportunity for children with cancer and their siblings to experience the joys of summer camp, and to have open discussions about cancer). Despite the rain, 60 people participated in the charity tournament, through which STA was able to raise 3,000 dollars.

To protect the beautiful natural environment of South Carolina, STA has been sponsoring the Adopt-a-Highway

program, under which the company cleans the roads in its vicinity each quarter. The cleanup held on July 19, with ten STA employees participating.



## Corporate Summary

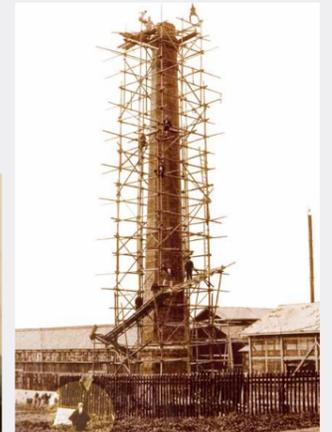
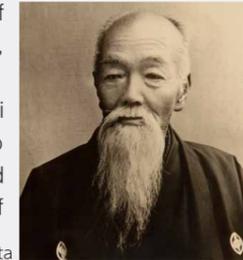
■ Name of Company	Suminoe Textile Co., Ltd.
■ Head Office	11-20, Minami-Semba 3-Chome, Chuo-ku, Osaka 542-8504 Japan
■ Founded	1883
■ Incorporated	December 25, 1913 (Suminoe Textile Joint-Stock Company)
■ Organizational Change	December 26, 1930 (Suminoe Textile Co., Ltd.)
■ Capital	9,554,000,000 yen
■ Number of Employees (As of May 31, 2014)	247 employees (Consolidated group companies: 2,554 employees)
■ Lines of Business	[Interior decor business] Carpets, curtains, wallpapers, flooring materials, etc. [Automotive textiles and traffic facilities business] Interior materials for automobiles, buses, trains, aircraft, etc. [Functional materials business] Electric carpets, deodorization-related products, silicon wafers for solar cells

### Origin of Suminoe Textile's History of 130 Years

In December 2013, Suminoe Textile celebrated the 130th anniversary of its founding in 1883 and the 100th anniversary of its incorporation as a company.

The Meiji Period (1868-1912) saw the construction of an increasing number of Western-style buildings, following the introduction of Western culture to Japan. Against such a backdrop, our founder, Denshichi Murata, purchased three looms and began to manufacture hand-woven carpets. He then opened the Murata Factory, which became the origin of Suminoe Textile.

Founder Denshichi Murata



## Editorial Postscript

It is two years and nine months since we decided to newly publish our CSR Report for our stakeholders and began its preparation.

The CSR Promotion Preparatory Committee held 11 meetings, at which members discussed what type of CSR activities that the Suminoe Textile Group would undertake, and what CSR themes the Group should pursue. In this way, we have made progress thus far through trial and error.

This CSR Report 2014 is a product of the thoughts of many people. I would like to express my sincere appreciation to those of our suppliers who offered their comments, to stakeholders who give their understanding and support to the Suminoe Group's business activities, to employees who have expressed their views, and to the eleven members of the Committee who have worked with me to prepare this report.



We would be very happy if this document could help readers to better understand the progress of our CSR activities to date, and realize the Suminoe Textile Group's renewed determination to achieve further growth, step by step, upon the publication of its first CSR report. Lastly, we look forward to receiving the candid opinions and comments from readers of this report.

Secretariat: Naoko Fukuda, CSR Promotion Department



Meeting to compile articles for this CSR Report